

JPRS-WER-85-030

19 March 1985

# West Europe Report

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19 March 1985

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ARMS CONTROL

NORWAY

CHRISTIAN PARTY EXECUTIVE WANTS PRESSURE ON U.S., USSR FOR PACT

Oslo AFTENPOSTEN in Norwegian 16 Feb 85 p 8

[Article by Terje Svabo]

[Text] "Norway must put strong pressure on the two superpowers, the Soviet Union and the United States, to get concrete results from the arms control talks in Geneva," according to a resolution from the national committee of the Christian People's Party. Party chairman Kjell Magne Bondevik said at a press conference yesterday that this statement should not be interpreted as a criticism of NATO's negotiating strategy. The party also wants to stress a flexible retirement age rather than shorter work days and longer vacations.

The Christian People's Party's national committee met in Oslo primarily to discuss the party's program for the next Storting period. The program must be approved by the party congress this spring, but already yesterday party chairman Kjell Magne Bondevik said that the Christian People's Party does not think there is room in the Norwegian economy for the simultaneous introduction of a flexible retirement age, shorter work hours and longer vacations.

Against this background the government coalition party wants to place a priority on a flexible retirement age, without putting a precise time when it would be possible to retire with a pension in the program. Like most other parties the Christian People's Party is waiting for the state report that will be issued in March. When it comes to aid to developing countries the Christian People's Party wants it kept at the current level.

The resolution from the national committee recommends Norwegian pressure on both the United States and the Soviet Union to get some results from the upcoming arms control talks in Geneva. Parliamentary leader Gerald Synnes said that public opinion in the West is longing for signals from western sources that could lead to concrete results. The national committee rejected the American plans for a so-called star wars program.

Bondevik, Synnes and Jakob Aano, the party's vice chairman and chairman of the Storting Foreign Policy Committee, sharply criticized Treaty Now's handling of the letter from American authorities concerning their view of a nuclear-free zone. All three appealed to the peace movement to put as much pressure on the East as on the West in the work for arms control.

There is impatience in the Christian People's Party concerning measures against South Africa. In a resolution the national committee called for a stronger Norwegian effort to obtain an effective international trade and oil embargo. The national committee wanted the idea of introducing a legal ban on the sale of Norwegian oil to South Africa to be considered.

In a third resolution the national committee asked for an increase in the free amount for so-called friendly services. According to the Christian People's Party 3000 kroner a year is a reasonable amount. Today the ceiling is 100 kroner over a period of 2 months.

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CSO: 3639/78

POLITICAL

DENMARK

SOCIALIST PEOPLE'S PARTY TORN BY DEBATE ON ARMED DEFENSE

Chairman Proposes Defensive Organization

Copenhagen BERLINGSKE TIDENDE in Danish 20 Feb 85 p 4

[Article by Thorkild Dahl: "SF Holds Inquest on Peace"]

[Text] SF [Socialist People's Party] is in internal conflict concerning a shift in position on the demand for disarmament. Gert Petersen wants a defensive military strategy which is quite indistinguishable from the proposal of the Radical Liberals.

SF's chairman Gert Petersen wants the party to shift tracks and abandon the demand for Denmark's total immediate disarmament in order that SF along with the Radical Liberals can press for the dream of the Social Democrats regaining power.

"During the negotiations with the Social Democrats in 1966 on the red cabinet, SF was caught in bed. We were very weak in the discussions and arguments because we were unable to point to what should be cut from the defense budget and what should occur," Gert Petersen states, pointing to the final program plank then for total immediate disarmament.

SF's leader makes his proposal just as SF is beginning an internal debate on the party's future security policies. The first round will occur at the national convention in Alborg in May, and next year a new security policy program will be unveiled.

Gert Petersen already has been criticized by the party's vice chairman, Aage Frandsen, who maintains that the basic watchword from party founder Aksel Larsen in 1959 for total disarmament of Denmark still is pertinent and should be retained.

Aage Frandsen rejects the idea that SF should support a defensive military as a short-term means toward the disarmament of Denmark which should occur as soon as possible.

Gert Petersen no longer believes in Aksel Larsen's view that the total disarmament of Denmark could keep the country completely out of a large-scale European war.

"There should be a Danish resistance during lower-level periods of tension which could withstand pressure," Gert Petersen states.

"The demand for total disarmament is the wrong lever for accomplishing the change. We will not achieve reductions in defense spending if we cannot point out convincingly how that should occur," Gert Petersen believes, and he adds that the party must be able to act positively and propose models which contain less military spending, the removal of offensive weapons and a slackening of NATO's grip.

#### A la Radical Liberals

The SF chairman's ideas for a defensive military are similar to the views of the Radical Liberals which were adopted at the latter party's national convention last year.

"The proposal of the Radical Liberals is very close to that which I am considering. I know that we can get a disarmament process in motion together with the Radical Liberals and I have some hope that at one time or another the Social Democrats will allow themselves to be talked into participating in the disarmament process."

"As the situation stands now, we and the Radical Liberals will be able to put pressure on the Social Democrats in the government," Gert Petersen states.

"The final objective for me is for Denmark to disarm, but after 26 years in SF, I have lived with the arming of Denmark, so I really believe that the watchword of immediate disarmament is not operative," the SF chairman states.

"I believe that Denmark must pursue a more active foreign policy directed against bloc politics and in favor of reducing tension and disarming. And Denmark can do this best if we are more independent. I do not say necessarily completely outside of, but more independent from, NATO. That situation can only become acceptable if we have some type of defense," Gert Petersen adds.

Newspaper: 'Debate Goes to Marrow'

Copenhagen BERLINGSKE TIDENDE in Danish 20 Feb 85 p 12

[Editorial: "Debate Goes to Marrow"]

[Text] When Aksel Larsen was excluded from the Danish Communist Party [DKP] and founded SF [Socialist People's Party] in 1959, one of his basic political manifestos was Denmark's total disarmament. With that program plank, he reached out to the groups which had broken with DKP. He gathered

supporters from among the nuclear protest groups which were flocking together then, and he received support from some old Social Democrats who had been unable to accept the fact that Stauning slowly had shifted the Social Democrats' disarmament program to a half-hearted defense for the sake of the necessity of a defense.

Since then, disarmament has been a part of SF's program. According to that: "We know that the Danish military is useless in a nuclear war and therefore, we want forward-moving, real reductions of military outlays geared to the disarmament of our country." If the term "nuclear war" were replaced by "clash of the super powers" or something similar, the Social Democrats would not have been able to express it better during the days when they constituted a party which had not yet been infected with power or insight.

The debate which now has arisen between Gert Petersen and SF's powerful vice chairman, Aage Frandsen, therefore, is no surface discussion, but a debate which goes to the marrow of SF. Gert Petersen has issued a challenge to the party to strive toward reorganizing the Danish military so that it can /only/ be used to defend Denmark, with a view to making it "little less than gratis for both super powers to pressure or snap us up in a simple maneuver." But Aage Frandsen has rejected every new thought with the justification that "the location of Denmark and its terrain conditions also make the defense of Denmark impossible." Frandsen believes that Denmark may need to have a certain defense by reason of the threat which exists from the United States, but that that defense under no circumstance should be of free choice, but rather, a compromise which is forced upon us by the outside world.

It is well known that security policy discussions can propel us into upper air strata and be quite incomprehensible. It is also well known that such discussions thrive particularly within parties which are without influence in everyday earthly political decisions. It is not surprising therefore that SF is discussing security policies. What is surprising is that Gert Petersen so strongly is causing a debate which can have quite decisive consequences for his party. If his view prevails, it does not mean that SF then is ready to enter into a coalition government with the Social Democrats. Gert Petersen has not become a NATO supporter in his old age, and the Social Democrats still confess to continued NATO cooperation. But with his proposal, a new piece is placed in the puzzle, which is called the transformation of SF from a demonstrating protest party to an influence-seeking left-wing party. With a changed defense policy, maybe Gert Petersen can imitate Aksel Larsen's artwork. Aksel Larsen took the remaining disarmament supporters from the Social Democrats, and there were not many of them. Gert Petersen can hope to get some of the doubters within the Social Democratic Party to shift sides, and there are more of those.

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CSO: 3613/111

POLITICAL

FINLAND

**SKDL ARGUES OVER USSR DELEGATION MAKEUP, BACKS KOIVISTO REELECTION**

**Parliamentary Delegation Composition Debated**

Helsinki HELSINGIN SANOMAT in Finnish 8 Feb 85 p 11

[Article: "SKDL Group Bickers Over Those Departing for Soviet Union"]

[Text] The parliamentary group of the SKDL [Finnish People's Democratic League] is arguing right now over whom the group will send as its delegates to the Soviet Union. This month the CPSU Central Committee has invited as its guests a six-member delegation from the SKDL group.

On Thursday evening, the SKDL group's majority followers were assembled for nearly 2 hours hammering out the delegation's makeup. The traditional majority, which has been reactivated in recent weeks, advocates five majority followers for the delegation and would give the minority only one place.

The majority followers have made it a condition that at least Pekka Leppanen, who belongs to the SKP [Finnish Communist Party] Central Committee, be included in the delegation. The majority's second condition is that Esko-Juhani Tennila of the Taisto Sinisalo minority not be included.

Group leader Veikko Saarto (Communist Party) said during the evening that representatives from all the group's wings will be chosen for the delegation. According to what is reported from the group, Saarto has given to understand that representatives from the current SKP leadership could not be selected for the delegation.

The majority followers at the meeting gave Saarto until next Tuesday to come up with a proposal satisfactory to them for the delegation's composition. If this does not happen, the majority is threatening to postpone the delegation's trip until after the extraordinary party congress of the SKP. The congress is on 23 March.

Saarto has kept a balance between the majority and the minority since the last parliamentary elections. The traditional majority has been stagnant; its first group meeting in a long time was on Tuesday and the second on Thursday.

The division of the SKDL group differs from the SKP partition lines. Part of the majority followers have been behind Saarto, who espouses a moderate course. The Sinisalo minority has supported Saarto tactically.

The majority followers are said to have become angry over Saarto's recent statement in which he gave to understand that the CPSU's invitation was a hint to the SKP how the party should be managed.

The delegation's composition was up for consideration in the SKP's political committee on Wednesday.

Saarto was reelected on Tuesday to the leadership of the SKDL group, but the majority weakened his position by elevating Pekka Leppanen to the group's committee. The relative strength is now thought to be six to three in favor of the majority.

#### Kivistö Urges Koivisto as Candidate

Helsinki HELSINGIN SANOMAT in Finnish 10 Feb 85 p 8

[Article: "Governor Kalevi Kivistö's Proposal: Koivisto SKDL Candidate for 1988 Presidential Elections"]

[Text] Governor Kalevi Kivistö, chairman of the SKDL, believes that the people's democrats should seriously consider nominating ~~Mauno~~ Koivisto as their candidate in the 1988 presidential elections.

As his own successor to the SKDL leadership, Kivistö brings up two candidates he considers equally strong: parliamentary representative Esko Helle, who has already been mentioned often, and Dr Antero Jyrinki, who so far has been up for consideration less frequently and whom Kivistö characterized as a "politician of profound thought."

Kivistö tackled the presidential question and the selection of the SKDL's next chairman in an interview which was published Saturday in SAVON SANOMAT and TURUN SANOMAT. Kivistö justifies consideration of Koivisto as the SKDL's candidate by the renewed procedure for electing the president and by the fact that this time, too, the SKDL should be involved in the election's decisive stage.

Kivistö considers Koivisto's candidacy a matter worthy of consideration because a possible new election procedure would allow the nomination of one's own candidates for electors. "There is reason to debate the issue carefully," stresses Kivistö.

In the last presidential election, Kivistö's own electors--except for the Sinisalo followers--decided the election's final outcome right on the first ballot by backing Koivisto.

In the next elections, a new system may be used in which the candidate can be elected by a direct popular vote as early as the first ballot. Thus the only sure way of being able to support Koivisto would be to nominate him as the party's official candidate.

Kivistö states, however, that a presidential discussion has not yet been conducted in the SKDL. He also points out that twice before a candidate of the people's democrats has come from another party. Both times the candidate was Urho Kekkonen.

Helle, Jyranki or Wahlstrom?

Kivistö, who relinquishes the tasks of SKDL chairman early in the summer, discusses the issue of his successor at considerable length in the interview. Of the candidates who do not belong to the SKP, he now for the first time brings up at such a high level the name of Antero Jyranki, doctor of jurisprudence. He considers parliamentary representative Esko Helle an equally strong candidate.

Kivistö characterizes Jyranki as a "politician of profound thought." On the other hand, Helle possesses a "strong background in organization."

Kivistö considers experience as a parliamentary representative important for an SKDL chairman. If the chairman is not a parliamentary representative, "he should be made into one," says Kivistö.

According to Kivistö, if an SKP member is elected chairman, the one chosen should be former minister and parliamentary representative Jarmo Wahlstrom. Kivistö still gives topmost consideration to a socialist in the post of SKDL chairman.

#### Alenius Aspires to Leadership of Socialists

The party congress of the SKDL socialists who gathered in Helsinki on Saturday also discussed the question of their organization's chairman. The congress was opened by the leader of the socialists' delegation, Ele Alenius, who called for a lively discussion of candidate names. He hoped, however, that the socialists would not settle on only one name, because it would excessively tie the hands of the SKDL league congress which meets in May.

Alenius himself did not bring up a name, but he still considers it imperative that a noncommunist be chosen for the organization's leadership. "A socialist chairman has always symbolized in the correct way the collaborative nature of the SKDL," he pointed out.

In his speech, Alenius rejected the likelihood that if the Communist Party possibly splits in two, its majority could "by expanding" take over the SKDL's tasks. The SKDL has a future as a pluralistic organization which brings together the forces of the Left, affirmed Alenius.

The question of the SKDL's next presidential candidate raised in the Kivistö interview did not come up at the congress. The socialists continue their deliberations today, Sunday, when the congress approves statements on the development of both the SKDL's and the socialists' future activity.

#### Paper Comments on Kivistö Proposal

Helsinki HELSINGIN SANOMAT in Finnish 10 Feb 85 p 2

[Editorial: "SKDL's Candidate"]

[Text] Governor Kalevi Kivistö has set himself up as kingmaker. In his opinion, the people's democrats should seriously consider nominating President Mauno Koivisto as their candidate in the next presidential elections in 1988.

The proposal is well in line with the SKDL's earlier procedure. The people's democratic electors voted for Koivisto last time on the first ballot of the presidential election. Twice before the SKDL also nominated President Urho Kekkonen as its candidate.

According to the new practice, the first ballot in the 1988 elections will probably be a popular vote. Because Koivisto could receive a majority in it, becoming a decisive factor presupposes, in Kivistö's view, selection of the incumbent president as the candidate of the people's democrats.

On the other hand, a group that is losing support must consider with exceptional care which square to place its bet on in order to make an effective impression. Also needed are goals which could at least temporarily bring together the fiercely tussling cliques of the Ultraleft.

Maybe Kivistö is out early with his proposals because he is relinquishing the chairmanship of the SKDL. The early bird in particular finds the worm. Nor, to be sure, would an individual attachment be noticed in the hoped-for way after the retinue increases in number.

#### Socialists Want More Independent League

Helsinki HELSINGIN SANOMAT in Finnish 11 Feb 85 p 10

[Article: "Socialists' Goal Is SKDL More Independent Than Before"]

[Text] The second party congress of SKDL socialists that ended in Helsinki on Sunday proposes for the SKDL a thorough rules overhaul which would strengthen the league in relation to its member organizations, especially the Communist Party. The socialists are also demanding a greater share of the SKDL's party support funds for the organization's own use.

The socialists propose the selection of delegates to the SKDL league congress through elections in which each member of the SKDL and its member organization would have only one vote. The elections would also result in proportionate representation.

The socialists who formed their own organization are also considering becoming an SKDL community member. The SKDL's largest member organization is the Finnish Communist Party. Through their efforts to become more independent, the socialists are seeking to reduce the communists' overriding influence in the collaborative organization. The socialists are located between the social democrats and the communists on the political map.

The socialists emphasized in their official statement the SKDL's role as an organization of political cooperation. They saw as their own task intellectual/political collaboration and the provocation of debate. For intellectual activity, the congress decided to take measures to establish local socialist clubs.

The socialists saw no need at this stage for establishing their own party. The idea of organizing their own party came up a few years ago when the SKP's internal

struggle was becoming acute. Now that a final solution to the squabble looms on the horizon, the need is lessening. Ele Alenius, the bank manager who heads the socialists, also praised SKP chairman Arvo Aalto's measures as "clear-cut."

#### Hilkka Aalto Suggested as Successor to Kivistö

The question of the new SKDL chairman--who must be chosen in May to replace Kalevi Kivistö, who has become a governor--entered the discussion in the final moments of the 2-day congress. Kivistö himself started the debate by supporting as his successor either Dr Antero Jyrinki or parliamentary representative Esko Helle in a newspaper interview published on Saturday. If the choice should narrow down to a communist, Kivistö considered former minister and parliamentary representative Jarmo Wahlstrom the best candidate.

Ilameenlinna research worker Hilkka Aalto, a surprise name to outsiders at least, seemed to receive the greatest support in the discussion. To the socialists, however, Aalto is already a well-known leading light; at the congress, she was elected chairman of the socialists' committee for a second 2-year term.

Aalto saw her stock rise further when Ele Alenius, SKDL chairman in the 1970s, gave her his support at a news briefing after the congress.

The socialists' congress nevertheless refrained from naming an official candidate so that it would not tie the hands of the SKDL league congress which meets in May. Nor did the congress clearly imply that a socialist should still be chosen as chairman. Alenius personally considered it essential that a noncommunist be elected to the leadership.

#### Kivistö's Initiative Received Quiet Support

Another topic, which the socialists avoided like a hot potato, was the notion--raised by Kalevi Kivistö in his interview--of backing Mauno Koivisto in the next presidential election. Ultimately, the issue did not even become a subject of discussion in the meeting hall.

Alenius considered it premature to discuss a presidential election 3 years in the future. "But since the matter has now come up, we have no reason to differ from Kivistö's view," said Alenius, evaluating the sentiments of his colleagues. Alenius pointed out that the socialists were in this position before the last presidential election, so the matter is not difficult for them.

Ele Alenius was reelected to the leadership of the socialists' delegation for the next 2-year term.

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CSO: 3617/69

POLITICAL

GREECE

U.S. SEEN DESIRING CYPRUS SOLUTION FOR OWN ENDS

Athens ELEVTHEROTYPIA in Greek 26 Jan 85 p 9

Article by Basilis Filias: "The Collapse of the Cyprus Talks and Its Cast"

Text The ease with which we--government, press, the public--overlooked the collapse of the negotiations in Cyprus, shows how superficially and frivolously we confront things and how we became used to repealing and neutralizing the side of reality which to us is hard and negative.

Strange as it may sound, the collapse of the negotiations is also a collapse of the whole Greek foreign policy, and by extension of the Cypriot policy as well. Policy means option of tactics; option of strategy; option among possible and probable solutions; a number of options which involve the Greek and Cypriot policies in their totality and led, with American blessings and support, to the so-called de Quellar initiative for the solution of the Cyprus question.

Yes, no matter how strange it sounds, the Americans now want a solution of this question because they have already achieved all their objectives; and a "settlement" fulfills them and safeguards them in an area which extends beyond the boundaries of Cyprus and covers Greece with its Aegean Sea and, in certain aspects, the whole southeastern Mediterranean.

The Americans, after methodically planning in successive steps the coup against Makarios, the Attilas I and II and the Denktash "state", have attained their desired goal: to transform Cyprus into a formidable staging area in the Middle East and to install long-range missiles aimed at the Soviet Union. Enormous installations at Levkonoiko and Pendadaktylo have already completed and ready for operation.

It would, however, be a mistake to think that these limited American target orientations mean the end of the issue. With the Cyprus problem as an axis, broader safeguards and arrangements were sought in Greece and the Aegean and this preassumed manipulations with the Greek side; manipulations on the basis of "debit and credit" in order for the Greek faction to consent and go along; manipulations which sometimes are of a coercive character coupled with methodical, successive tension in the Aegean Sea, but which sometimes appear as displays of good will.

The Greek side entered this game of American designs and made choices which, beyond any doubt, a ND government would have made. But they were done by PASOK and for the Americans this is of an immense, positive importance since such choices were made by a party which in the election campaign expounded strong anti-American and anti-NATO positions. These choices were:

First and most important, the agreement on the basis which on the surface appears very natural but in substance leans extremely heavily against our country.

Second, the procurement of arms systems and mainly airplanes from American sources. This very clearly leads to the full dependence of our forces on the U.S.

Third, the attachment of Lemnos to NATO under the justification that in this way the island is protected against the Turks.

These choices, together with others of secondary importance, are absolutely and without doubt, within the concepts and prospects of the American-NATO interests. But for what exchanges were they made? For American intervention in solving the Cyprus problem and in settling the Greek-Turkish differences in the Aegean--an intervention the government made possible through its choices and concessions since for the Americans nothing more was left for the fulfillment of its ultimate objective: to achieve normal co-existence and cooperation of the Alliance's two problem partners within, of course, NATO procedures and interests. Another American objective of equal importance: to overcome, to blot out Anti-Americanism in Greece.

Therefore, the solution of the Cyprus question through American blessings and the normalization of the Greek-Turkish relations in general would directly benefit the American foreign policy and would improve perceptively the American picture in the area. But the choices were made without reckoning with, without considering Turkey, the party which refuses, as we should expect, to recognize vested rights and which, in the face of its immense internal problems, would never take a step which would be domestically interpreted as concession or defeat.

Thus, the Americans are learning that the monsters they breed can at some moment to be as submissive as they would like them to be. How well the Greeks learn from this experience is another story. In my opinion they are not learning: they possess a magical and legendemainist conception of politics as to prevent them from recognizing reality. We even destroyed the Kyprianou-AKEL cooperation in order to satisfy the big "protectors" and we are so certain that all will go well that the premier has officially announced that the Cyprus question is on its way to a favorable termination. The whole issue was discussed without considering the most important aspect: the time, conditions and preconditions for the removal of the Turkish troops of occupation. What can one say? Most surely the Greeks lost their poignancy...

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CSO: 3521/166A

POLITICAL

GREECE

CONTRADICTORY VIEWS OF KARAMANLIS' ROLE, RESPONSIBILITY

Athens I KATHIMERINI in Greek 24-25 Feb 85 p 9

[Editorial: "The Voters' Responsibility"]

[Excerpts] Constantine Karamanlis' presidency and especially the events accompanying his re-election for another five-year period surely constitute a very special case in political developments, and not only in our country.

The present president of the Republic attracts such respect, that it becomes almost impossible to support another--antagonistic--candidacy, even if this candidacy could ensure a simple majority within the new Chamber of Deputies as long as the present one would not provide it with the constitutionally mandated reinforced majority.

The confluence of these positive developments doubtlessly stems from the widespread certainty--especially among the voters--regarding Mr Karamanlis' role in preserving a calm political climate.

But it is this very role played by Mr Karamanlis in shaping our political life that arouses strong--and contradictory--criticism.

One category of critics, who belong to the socialist "hardliners" both within and without the PASOK, maintains that Mr Karamanlis is the person mainly responsible for Mr Papandreu's failure to progress toward a "socialist change." They argue that he "prevented" Mr Papandreu from doing so, not through a refusal to accede to any of the legislation "produced" by the leftist majority in the Chamber, but through the warning--if, indeed, it occurred--that he would not allow the country to depart from both NATO and the EEC.

Rejecting the above criticism in wholesale fashion, the other category of critics ascribes to Mr Karamanlis the greatest share of the responsibility for a possible return to power of the PASOK with a full parliamentary majority. For two main reasons: first, because it did not allow Mr Papandreu's government to proceed to the assumption of measures which, while not clashing with the letter of the constitution, undermined that type of society for whose establishment and development this very constitution

was "erected." Second, because Mr Karamanlis, through his stance vis-a-vis the present government, tends to "discolor" the PASOK, letting it appear as a partisan "roof" under which common voters can find shelter without fear.

A third view could be that what Mr Karamanlis chose to do was to avoid a threatened national split, and not to obstruct the implementation of a policy which--supposedly--met with the approval of a majority of the body politic. It is difficult to fault Mr Karamanlis because he refused to endanger democracy--even if he had the power to do so--through premature confrontation, in spite of the fact that this was particularly onerous to the functioning of our economic and social apparatus.

However, it is unrealistic to maintain that this presidential policy changed the PASOK and turned it wise and harmless! Let there be no doubt that the PASOK, through the upcoming elections, is attempting to find argumentation for the abandonment of those tactics which compel it to postpone the implementation of more measures aiming at socialist change. Therefore, the responsibility for the constitutionally mandated protection of society and for securing parliamentary legality and calm rests exclusively with the voters. No one else.

CSO: 3521/192

POLITICAL

GREECE

PASOK POLICY SEEN ISOLATING NATION ON ALL SIDES

Athens I KATHIMERINI in Greek 14 Feb 85 p 5

[Text] It is entirely immaterial whether the government's foreign policy fulfills or not the principles on which it was supposed to be based according to the pronouncements PASOK made at the time it was vieing for power. What is of an especially critical significance, even to those who do not pay much attention to the area of our foreign policy, is that responsible representatives of our political life, regardless of affiliation are seriously worried about the consequences of the handling of these relations. They are worried because for every "inch" we lose in support of our rights that inch is gained by our adversaries in support of their unjust demands.

Mr. Papandreu cultivated, with particular persistance the incompatibility of our good, beneficial relations with the USA and with the West in general, as if he were convinced that the obvious defender of his "anti-imperialist" policy could be none other than the Soviet government. However, day before yesterday, precisely in the "anti-imperialist capital" where he was, his denunciations about the Turkish territorial demands against us were criticized by the Soviet press. Thus, in view of the fact that there was no obvious threat from anywhere, the "defensive" posture of Greece towards Turkey was not explained to the readers of these newspapers.

But if neither Washington and NATO nor Moscow and the Warsaw Pact recognize that our territorial integrity is threatened by Turkey and if both Washington and Moscow directly and indirectly strengthen the military potential of our adversary, what national rationale should be used to continue as "national" the foreign policy which leads us to paint ourselves into a corner?

Until recently the irreplaceable role of Athens in the battle for a just and viable solution of the question of Cyprus had been taken for granted. Now, the majority of the political forces in Cyprus either calls directly, or in a round-about way, for the Greek premier to stop "meddling" in the question of Cyprus because he hinders its solution!

It is a frightening demand because it allows all kinds of interpretations of the reasons that dictate its formulation. In view of the fact that no one felt obliged to explain to the Greek people the reason for the demand by the communist AKEL and Mr. Kleridis' conservative party for the need of flexibility on the part

of Mr. Kyprianou in the UN negotiations instead of the intransigence shown by the former and approved by the latter, it is contrary to Cypriot and broader national interests. Is this demand perhaps inspired by Turkish interests? The observation that it is a case of the usual squabbling of the Cypriot parties, is rejected out of hand. Party "squabbles" that seek to separate Cyprus from Greece? Very hard to swallow, isn't it?

In "Europe" the horizon of Greek expectations does not appear to be clearer. The precondition posed by Mr. Papandreu in order for Greece to agree to the entry of Spain and Portugal into the EEC, regardless of how heroic it may have been, can have only two sequels: either a "veto" of the enlargement of the Community will be cast because we are not satisfied by the amount to be approved for the completed Mediterranean programs or we will accept whatever amount might be approved, thus showing that the exercise of the veto right in this particular case, was greater than our shoulders can bear. What would then be our advantage in each case?

Visible advantages on national or economic matters do not appear to be forthcoming either from the handling of our relations with the "non-aligned." This is the type of countries whose company Mr. Papandreu cherishes so much, but which have shown to be--with very few exceptions--the most fatalistic recipients of that peculiar "post-war" international right." The "right" that respects only one rule: The obligation for ALL to belong to either one or the other sphere of influence! Consequently, this law punishes whomever it considers to be supporting those--like Mr. Papandreu--who wish to be...non-aligned!

No matter which way we turn--we no longer see any allies--in our demand for our right not to be threatened, not to be blackmailed. We have been left alone, for all practical purposes. To whistle in the dark about the right of the small to influence the policy of the big and not to be afraid in our isolation does not mean that we drive away the threat, for this apparently worries those who are in a position to know more than the government wants known.

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CSO: 3521/174

POLITICAL

GREECE

#### PASOK FOUR-PHASE ELECTORAL STRATEGY DETAILED

Athens TO VIMA in Greek 27 Jan 85 p 1

Text PASOK will go to the elections with fresh faces who "will give a new push to its Change." On the other hand, ND appears to be changing its propaganda at the suggestion of its American advisers to whom it assigned its struggle. TO VIMA is in a position to know that the PASOK fresh faces fall within four strategic time phases starting in February and ending with the elections.

PASOK's renewal and enrichment appear to be based on the certainty all government cadres harbor for an electoral victory which will assure the party another 4-year term. The phases the PASOK Executive Office has discussed in developing the four-phase strategy are:

1. The "Committees for the Support of Change" will start their formation in February and soon thereafter the Athens Central Committee of non-PASOK personalities will be established. Among the committee's members will be representatives of the historical and traditional Left, men of letters, arts and sports, and independent cadres of the Center. According to reliable assessments, at least 5,000 are expected to participate in these committees. These members will maintain their individual independence and free opinion as regards PASOK and its Change.
2. Certain secretaries general of ministries, governors and directors of organizations who are not PASOK candidates for the parliamentary elections are due to ~~resign~~. Already a high government official has asked 10 government senior ~~officials~~ to submit their resignations.
3. In March certain present deputies who will not be candidates for re-election for objective reasons (decrease of parliamentary seats in their districts) or for general partisan reasons, will be advised that during the second 4-year PASOK term they will be appointed in senior administrative positions. Already certain deputies have expressed their desire to be transferred to government positions (banks, public enterprises, etc.).

A senior PASOK cadre told TO VIMA that the position on such a nome's list is above all a battle position. For this reason certain well-known names (such as that of Kostas Laliotis) will be listed on the non-electable positions.

4. Before the election campaign starts, the government will have finalized its decision on the new government make up. As TO VIMA has already reported it is expected that the number of ministries will be reduced and that a new, flexible government body will be established.

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CSO: 3521/166A

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EVALUATION ON POLL RESULTS ON PASOK, ND POLICIES

Athens TO VIMA in Greek 27 Jan 85 p 40

/Article by Panos Loukakos, "Where PASOK and ND Lose or Gain Votes"//

/Excerpt/ According to polls PASOK, ND and other concerned circles are regularly conducting, the trends prevailing today in the electoral body prove that one must not take at face value the figures these polls show. However, these trends are perhaps reliable and paint the following picture:

- a. PASOK leads ND steadily by around 3 percent.
- b. PASOK shows a noticeable drop in the large urban centers where its voters lean to ND and even to the two communist parties.
- c. By contrast, ND loses ground in most semi-urban and farm areas.
- d. In general, PASOK shows a rise in Peloponnisos, Sterea Ellas, Thessalia and the islands while ND shows gains only in Makedonia and Thraki.
- e. KKE maintains its somewhat increased strength in urban centers and shows mild losses in the provinces.
- f. Finally, the percentage of the undecided voters remains steadily high.

In other words, the forthcoming electoral confrontation is developing into a north-south and city-province battle which will be very undecided since nothing has yet been definitely established. As of this moment the differences seem to be marginal. Any mistake by either side may upset the existing givens which themselves are not anyway safe since the marginal groups of the undecided voters may tilt the balance decisively one way or the other. Indeed, these undecided votes will be the heroes in these elections and they will be the ones who will give the victory to whomever they will.

They are the extreme rightists who today are wavering between ND and the National Political Union. They are attracted to ND by the thought that "they will get rid of the Marxist PASOK" and they are repelled by the fact that "Karamanlis expelled the king and imprisoned the honorable officers."

They are the undecided centrists who are disappointed by "PASOK's experiments" but who, by tradition and temperament, find it difficult to join ND-- "the leading factor" for Mitsotakis' desertion of their party.

They are the "non-registered" leftists who, on the one hand, want to vote KKE-Int., but on the other hand, fear that by not supporting PASOK they may be helping ND.

They are the voters who fluctuate between PASOK and KKE and who disagree with PASOK's policy but who do not identify with ND.

In their totality these marginal groups constitute a respectable percentage which could be the determining factor in the elections. It is for this reason perhaps that PASOK has already started speaking about a bipolar struggle between the Left and the Right, while ND presents itself as the sole guarantor of the bourgeois regime and KKE projects itself as the exclusive vicar of Change.

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CSO: 3521/166

POLITICAL

GREECE

ND'S MITSOTAKIS REPORTEDLY ADVISED BY U.S. FIRM

Athens ELEVTHEROTYPIA in Greek 24 Jan 85 p 9

Article by Kostas Angelopoulos: "What the Americans Advise Mitsotakis"

Text Among his closest circles in ND, Chairman Mitsotakis appears extremely optimistic with regard to the results of the elections which certain PASOK circles now say will take place in June. The main reason for such optimism lies in the fact that his American advisers, who are members of the Sawyer polling firm, assure him that under certain preconditions he can win the elections. They, moreover, are boosting his optimism with a poll (Gallup) which shows that as of this moment ND and PASOK equally share 70 percent of the electoral body with 17 percent of the voters being "undecided" and open to contention by the two "large parties" in the political arena.

So, Mitsotakis is optimistic. Or is he pretending to be so since the Sawyer experts must somehow worry him when they speak about "certain preconditions?" According to press reports the Americans give advice to Mitsotakis about his own leadership image and that of his party.

The Sawyer firm, for example, recommends that Mitsotakis find a way to blot out the image of "deserter or apostate." This, according to relevant assessments, can be accomplished with a systematic projection of his "anti-revolutionary credentials" during the occupation and the junta years or with a skillful admission of a "mistake" about his behavior during the 1965 events /when he bolted and left the party/. . .

The American advisers cite more observations regarding the "prestige" of the ND leader: They think the way he dresses, especially in conservative, dark hues, portrays a banker. They recommend a simpler appearance. Let us not, therefore, be surprised if we see Mitsotakis on the election trail without a tie or in sport shirts.

But if problems of this sort could be difficult for Mitsotakis, there are others more difficult. The Sawyer firm points out the need for a convincing platform stressing economy, public administration and justice, in that order. Beyond this the Americans have assumed the responsibility for studying on a monthly basis the preferences of the electoral body and the particular reasons the voters change their preference from time to time.

Also, the Sawyer people do not seem to agree with the view that an opening toward the extreme Right will be effective and advise (as the British pollsters Saats and Saats /transliteration/ did during the Euroelections for the then ND Chairman E. Averof) an approach to the "centrist" voters.

(At this point, let us say that the "flirtation" initiated by "revisionist" K. Stefanopoulos with the National Political Union /EPEN/ /extreme Right/ is not expected to bear any results: The EPEN followers are very explicit: Only if you give us a clear statement favoring "amnesty" /for the jailed junta leaders/ will we give our vote to ND. From what we hear Mitsotakis is not occupied with this matter at this time.)

It is reported that after seriously considering the assessments of his advisers, Mitsotakis may make an ultimate attempt to attract the centrist voters. In the context of such an effort he plans to henceforth direct all his campaign speeches to the centrist voters and will ask the same of those ND deputies who, because of their past political history, may still exert some "influence" in the centrist area as well as of those who were not elected in districts of "hardliner" rightists.

With the advice of the American polling firm, Mitsotakis is preparing another ND general assault to capture the governing power. But, speaking of Americans, there is another "sensitive" problem: the observation that Washington does not seem to back the Mitsotakis "horse" at this time. Perhaps those in the Reagan government who study events closely, being certain that ND will lose the elections once more, and believing that following this defeat "the geography" in the area of the Greek Right will change, prefer to keep their sympathy toward younger politicians with a better future than toward persons in the ND area.

ND circles maintain that Mitsotakis brought up this question with his Christian Democrat friends in Bonn and was able to extract a promise for "an intervention." Perhaps it is a move of good will toward Washington the fact that Mitsotakis appointed as head of the Elections Committee St. Manos who is well liked by the Americans despite the objections of a large number of ND deputies who do not look kindly on this man who is exceptionally capable in the public relations' sector in the area of the new Right.

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CSO: 3521/166A

POLITICAL

GREECE

**IMITSOTAKIS' WEAK POINT: ATTACK ON PASOK FOREIGN POLICY**

Athens KYRIAKATIKI ELEVTHEROTYPIA in Greek 3 Feb 85 p 40

[Article by Panos Loukakos in The Column: "Current Events": "Whither is Mr. Mitsotakis' ND Going?"]

[Text] And so, since today the New Democracy has a "manifesto." But it still doesn't have a policy. It's still racked by internal conflicts. It's still tottering between the center and the extreme right. It continues to pile mistake upon mistake. However, now it has a "manifesto." Even if the price of that "manifesto" was ridicule, as its leaders rose in a body a few days ago in search of the "traitor" who "leaked" the fundamental tenets of this noteworthy document to the papers.

Some say: "Boutos is the traitor," while others retort: "Kanellopoulos is the betrayer, so as to create a sensation around his name." "Averof let the cat out of the bag, to undermine Mitsotakis," still others add. "Mitsotakis himself leaked the information so as implicate all of them," some insist. Whatever sane individuals are left in the New Democracy emphasize that "Such things happen only in kindergartens."

Let us therefore leave Mr. Mitsotakis and the other headhunters who are zealously looking for the "traitor," scattering wherever they can leads as to his true identity, and let us proceed with some established facts which are far more significant for the New Democracy:

Fact One: Although it has been for almost three years in the opposition, it still has not learned how to exercise opposition.

Fact Two: Mr. Mitsotakis has not solved the problem of leadership which has arisen since the withdrawal of Mr. K. Karamanlis, either.

Fact Three: Even though we are only a few months away from the elections, it has neither evolved a clear policy and ideological line nor submitted a concrete program.

Conclusion: It is in this kind of way, more or less, that any party heads with mathematical certainty for defeat.

But let us look at each point in turn. Mr. Mitsotakis was elected leader of the New Democracy chiefly on the argument that he could stand up to Mr. Andreas Papandreou better than anyone else. But in all the months that have elapsed since his election he has proven to be an easy opponent for the premier. And he is an easy opponent because up to now Mr. Papandreou always has taken the initiative in making the moves, and he has always chosen the area in which the conflict would take place, with the result that he usually has emerged as the winner.

At this stage, foreign policy is the premier's strong point. It is clear that the course he has followed on Greek-American relations, on NATO, on Greek-Turkish issues, on the EEC, the openings toward the nations of the East, the "peacemaking initiatives," as everything else related to the foregoing, has found quite favorable echoes among the people.

We do not judge here whether or not this foreign policy is always right nor what its concrete rewards have been. We only note that it meets with the approval of the great majority of voters regardless of the party to which they belong. And this approval becomes even greater as the government can take advantage of the invincible weapon of television to promote its foreign policy.

And it is in this area of foreign policy, which normally Mr. Mitsotakis should have stayed away from as the Devil from holy water, that he makes his chief attempts at opposition. Mr. Papandreou was wrong in disagreeing with NATO, he was wrong in disagreeing with the EEC, his peacemaking initiatives lack substance, he handles Greek-American relations badly, etc. And as he makes all those claims, Mr. Mitsotakis gets to be viewed as the "national undercutter," and the vicar of American, NATO and EEC interests, and the matter stops there.

Foreign policy is today Mr. Papandreou's field. Even the least Greek citizen has become aware of this, but not Mr. Mitsotakis too, who up to this day has been unable to bring the premier into his own arena. Because, naturally, Mr. Papandreou would not be able to withstand so easily the New Democracy's attacks on certain issues over which the government policy is faced with some difficulties or even is registering failures.

For instance, Mr. Mitsotakis has been unable up to now to confront the premier on some crucial issues of domestic policy which afflict the people. The high cost of living, unemployment, hospitals, universities, etc. Mr. Mitsotakis might have better chances to convince on those questions. But to this day he has been unable to lead political opposition in that direction. As a rule he challenges his opponent on points which it is certain in advance the latter will win, and he fails to exploit those areas which truly lend themselves to opposition.

All of which go together with a permanent intraparty turmoil, including purges, expelling high level officials from party organizations and a more general climate of suspicion about everyone and everything. Mr. Mitsotakis has not convinced the other leading members of his faction that he is playing a clean game. And he himself is not convinced that he is not being undermined

by all, "friends" and foes alike. And the result of this is that his efforts are chiefly directed toward surviving as the leader. While on the other hand most of the New Democracy's leading figures occupy themselves mainly with developments within the party and very little with the exercise of opposition.

Thus, just a few months before the elections not only is the New Democracy unable to exercise an effective opposition against the PASOK but neither does it have any concrete suggestion to make on the real problems of the Greek people. And today, instead of exercising opposition, instead of presenting even a token program, or proposing some alternatives, it presents a patchwork of banalities under the name of "manifesto." A "manifesto" which, thus far, with "leaks" and "traitors" has created far more problems than those it is supposed to solve.

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CSO: 3521/179

POLITICAL

GREECE

### PASOK, ND PROGRAMS, PERSONALITIES COMPARED

Athens MESIMVRINI in Greek 4 Feb 85 p 6

[Article by Chr. Pasalaris in The Column : "Opinions": "Two Leaders, Two Armies And Two Programs"]

[Text] The following lines are dedicated to the 2,500 "Caravelle Commandos" who are once again, manifesto in hand, touring the four corners of the nation to organize the biggest political fight of the last 40 years.

#### The Two Armies

Let us see then what [troops] the New Democracy and what [troops] the PASOK are marshalling:

The New Democracy musters a free army of 2,300,000 voters (38%) which, according to the most recent polls of both parties, has already increased by a further 2 units, that is, by 120,000 votes, and appears to be steadily growing. Since 1981 the ND has increased by 5 units while the PASOK's losses are over 6 units, that is 360,000 votes.

Together with the ONNED [Youth Organizationn of the New Democracy] the ND musters over 100 high officials, 3,000 middle level ones and 350,000 organized members in 3,500 local organizations, gathered around its elected leader with a conscious but not blind [loyalty], with total unity at the bottom, excellent morale and rich reserves of vitality.

The PASOK musters an odd army of 2,500,000 voters, "deserters" from the Right and the Left, whose only pole of attraction , Andreas Papandreou's magnetic personality and whose element of cohesiveness is the "UHU" [a brand of glue] of the "Change" which has been left uncapped and has lost the power to stick. Andreas' "generals," an odd lot too, misguided though they are, display quite radical conflicts in ideology which are far more fundamental than those of the ND's "generals." Arsenis is one thing, Simitis is quite something else; Alevras is one thing, Lazaris is another thing. Laliotis, Kostopoulos, Genimatas are something else and Avgerinos is quite another thing. And, of course, Tsokhatzopoulos, Maroudas, Kapsis, Kharalambidis and some inconspicuous but dynamic "Suslovs of the PASOK" like Skandalidis, Kastanidis, Rokos and Vassoula Papandreou of the EOMMEX [Hellenic Organization of Medium And Small Size Enterprises and Handicrafts] are something else again.

## The Two Leaders

The ND has an aggressive leader, elected by a very wide majority as being most suited for challenging Andreas. The "Tall One" worked hard for five months, he made many successful moves (and some rash ones), he bit some unruly ones painfully and worked in secrecy in the map room, with the passion of the leader whose time is limited, since the...god-given tradition requires that...any leader of this side who loses the elections or does not lead his party to independence and does not "free hands" has to be dethroned!

The PASOK has a supremely clever and supremely crafty Andreas whom we will see playing for the first time in the defense and not in the offense. Andreas well knows who it is he has to deal with. He knows that the New Democracy is on the rise and the PASOK is declining.

He knows that he is a "Darius" with a mixed bag from every ideological creed and that only his personal charisma maintains that 42% which has now become 41% or even less. He also knows that his highest trump is the state (power) and that whoever controls the state begins to count in the elections from 4% and up. And he knows too that some unpaid promissory notes, like the purchase of the century and atomic weapons can work in his favor, within the hazy framework of the slogan: "Who cares? What difference does it make whether it is the PASOK or the NOUDOU [ND]?" He is a reckless and manic gambler, Andreas is, and he will not hesitate to bluff even on the eve of the elections!..

## The Two Programs

The ND has, besides, a liberal program based on private enterprise, on private ownership and on the western way of life, as can be clearly seen in the Manifesto.

The PASOK can't promise anything more than the "We shall's of '81. It owes so much since then that it can only say: "Hey, guys, sorry, we did not make it on time, give us another four years!.." But meanwhile it has caused anguish to the people with the foreign debt, it has terrified workers with the calamity of unemployment, it has scared the salaried with the unbearable taxes, it has misled ownership...with its sly way of laying hands on it, it has disappointed students with the failed experiments in universities, it has caused panic among the poor who fall ill and are piled on trundle beds, it has maddened the housewife who pays outrageous and unjustified bills, it has frightened citizens with galloping crime.

## 61 in Reverse?

Should we say then that the balance of forces is in favor of this side? Should we say that the other side knows it and has taken into consideration even the worse possibility? Should we say that the PASOK'S only hope is the strife and division in the New Democracy, doubts about its leader and the halting of its progress toward renewal? Shall we say that the countryside,

with the shady speculation on EEC prestations, is its ultimate resort? Should we say that Andreas is attempting to draw Mitsotakis into the field of foreign policy, one time with the Elountes, another time with the Mediterranean programs, still at other times with "peace" conferences and with "scenarios" of NATO colleges, since in the domestic field he is certain to be routed? Shall we say that some "ferrets" of the change have turned into eagles when it comes to wheeling and dealing, to corruption, to bribery, to scheming, to scandals and to favoritism on a big scale?

Or should we say perhaps that the New Democracy, aside from everything else, should concentrate above all on clear and genuine guarantees for honest and irreproachable elections, whose chief guarantor would be the head of state himself, for otherwise we shall be faced with the occurrences of '61, in reverse?

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CSO: 3521/179

POLITICAL

GREECE

ND'S CONSENSUAL STANCE SEEN DANGEROUS FOR PASOK

Athens TO VIMA in Greek 20 Jan 85 pp 14-15

[Article by Antonis Stratis: "The Chameleons of The Right"]

[Text] I must bravely confess that within a few days I was proven wrong in the evaluation I made in this very column with regard to the preelectoral strategy Mr. Mitsotakis is following, a strategy calamitous for his side. The reason for his opposition to the "Boutos line", as exposed in the well-known interview he gave the paper THESSALONIKI, just like what had happened before when Mr. Averof was the leader of the ND, had been explained.

The core of my reasoning was, and still is, that an ND which admits the PASOK did many good things both in the domestic field and abroad and does not threaten to overthrow it, as Mr. Averof manically proclaimed at the time of his leadership, an ND which, dressed for the occasion, cloaks itself in a "progressiveness" dangerously bordering on the PASOK's, an ND which is no longer the dreaded Right we have been fighting for so many years, is more dangerous than ever now.

And while Mr. Boutos was ousted from a number of leadership positions in his party, Mr. Mitsotakis, with his well-known gift for metamorphoses, adopted the ousted [Boutos'] line before "the cock crowed."

The democratic, progressive world must become aware, therefore, that since a few days ago we find ourselves confronted with a new maneuver of the Right. Both Mr. Mitsotakis and other leading officials of the ND, as well as the press which favors them, speak now of a "consensus process" which doesn't stop at the electoral bill and presumably at the election of a president of the republic but goes even further. The KATHIMERINI, for example, on its Sunday front page under the title: "Guarantee of Normal Developments the ND-PASOK Rapprochement," speaks of: "a possible intraparty co-operation," of "unofficial alliances," and of: "a mutual discovery of [common] ideological and political grounds."

And they are saying these things while, as a confirmation of their total political amorality, they are creating openings toward the far right of the EPPEN [National Political Union]. How far they can espouse its views is their problem. But it is also our problem to draw our own conclusions.

All the foregoing are said and written in connection with the consensus on the electoral bill. And that consensus is used as an opportunity to draw wider political conclusions. Just as the intentionally and methodically cultivated confusion is an attempt to widen the rift in the progressive-democratic faction pointlessly and politically irresponsibly started by the KKE, dynamiting from the outset any kind of post-electoral dialogue with the slogan: "What difference does it make, PASOK or ND; they amount to the same thing."

But we will discuss this in another article.

For the present we are interested in the bouquet the groom, which is the ND, presents to the bride, which is the PASOK. A bouquet which of course hides thorns and guile. It is possible that this course of action is being intensified on the recommendation of the American "experts" who, richly paid, have been hired for the ND's preelectoral campaign.

Because, as if by magic, the wolves of the Right's bravest of the braves have been converted into harmless lambs. And "What difference does it make, PASOK or ND," suits their purpose nicely.

Surely they think the PASOK is naive.

Because it is obvious that, under the cover of the so-called "consensus process," they are trying to demolish the walls and open a breach in a section of the voters among their faction, on the one hand, and among the traditional Left, on the other hand. In other words they are attempting to demolish the strategy of the National Popular Union which raised a victorious PASOK to power. For that very reason the preelectoral tricks of the Right will not work. The PASOK is entering the preelectoral battle with its standards held high, the standards of its ideological purity and of the mighty tasks it has performed in the years of its rule and which it will continue to perform during the next four years.

The tale of the "consensus process" and of a "rapprochement" between the PASOK and the ND will remain just that, a tale. Otherwise there would be no reason for the PASOK's existence, since its birth as the product of a historical need for our country would result in its sinking in the bog of the establishment.

There is no chance that the chameleons of the Right will deceive anyone. And that is why their attempt at this new metamorphosis is in vain.

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CSO: 3521/164

POLITICAL

GREECE

KKE (INT): NO PRE-ELECTORAL COOPERATION WITH PASOK

Athens TA NEA in Greek 30 Jan 85 p 20

[Text] For the KKE (int.) there is no question of a preelectoral cooperation with the PASOK. And if the need arises after the elections, then it will depend on the KKE's (int.) strength and on whether it will be possible to reach an agreement "on a program and an overall framework that will correspond to the workers' demands."

This is what Mr. Leonidas Kyrkos underlined when he spoke last night at a meeting of the KKE (int.) at the "Gloria" theater which overflowed into a large section of Hippocrates street.

Referring to the matter of an "autonomous government", Mr. Kyrkos said that: "If the PASOK is not badly shaken by a strengthening of the KKE (int.) it will not alter its position," and he added:

" When the time comes in the new parliament, the people will instruct us as to how we will use our votes. The greater the strength they will give us the more efficiently will we be able to give expression to the other kind of policy and to the new coalition of social and political forces toward a democratic rule of the workers. We will never become anyone's second fiddle. Our ideal is not the ministerial seat."

Mr. Kyrkos directed harsh criticisms at the PASOK government's policies but he stressed that the KKE (int.) would be the last to claim that nothing has been achieved since the days of the rule of the Right.

According to Mr. Kyrkos, Greek society needs:

- Drastic changes, new economic and social structures that will limit the economic and political strength of big capital.
- New institutions that will lead to the workers' participation everywhere, with the aim of their ruling in a democratic, pluralistic way.

Subsequently, the speaker developed points related to his party's proposals regarding the "new plan for promoting the Change and going on to socialism," emphasizing that: "instead of the PASOK's national popular unity the KKE (int.) proposes the creation of a new power coalition, a new

coalition of social and political forces toward a democratic rule of the workers with the KKE (int.) as its moving force. "That is why," he added, "the balance of power within the left must change radically, with a decisive strengthening of the party and of the forces of communist renewal in the elections."

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CSO: 3521/164

POLITICAL

GREECE

YUGOSLAV'S 'RIGID' FOREIGN POLICY RAPPED

Athens TO VIMA in Greek 15 Jan 85 p 11

/Article by Giannis Roumbatis: "The Problems With Yugoslavia"//

/Text/ The fragile alliances among the states which form neighboring Yugoslavia are like a tree's frozen twigs. As long as no wind is blowing they remain in place and are admired by passersby. But they break and fall off the moment a strong wind blows. This fact and the continually worsening economic situation in Yugoslavia have evidently rendered the central government in Belgrade unable to control those extremist elements in Skoplje who are determined to sever in any way possible the traditionally good Greek-Yugoslav relations.

The rigidity the Yugoslav government exhibited last week when an episode was created concerning Greek students who were traveling to Romania through Yugoslavia is perhaps small proof of how far things have gone, regardless of who was responsible for the mistake or disregard of formalities which harassed the students.

Ironically, while the Yugoslav government insisted on the exact implementation of a regulation without caring about the cost the 400 persons sustained as a result of such rigidity, the Greek government was signing an agreement for many millions of drachmas with a consortium of Yugoslav companies. This, too, was perhaps proof of Greece's insistence not to let the relations between the two countries degenerate.

However, the relations between two sovereign states are not a one-way street. The problems our neighbors create on such minor or other more important issues cannot but leave the Greeks with a bitter taste.

It appears that Belgrade reacts each time Greece takes one more step toward improving its relations, not only with Yugoslavia but with the other Balkan states as well. This is due perhaps to the pressures exerted by the extremists in Skoplje. Yet even such pressure on Belgrade cannot always constitute justification for minimizing the responsibilities of the central government. This is so because to the usual problem the Yugoslavs have raised since 1951--the ostensible "Macedonian issue"--they now have added many others which have hindered the Greek-Yugoslav relations due to factors

outside Yugoslavia which would like to see an increase in the tensions created by the policy the Skoplje extremists follow. Among these factors are Turkey as well as the U.S. and NATO which have shown an interest in the continuation of the "controlled tension" period which the Greek-Yugoslav relations seem to be undergoing.

Last December the scheduled visit of Alternate Foreign Minister Karolos Papoulias to Yugoslavia was suddenly postponed. Nothing was officially announced about the postponement, but in Athens it was a common secret that the methodically planned effort by Yugoslavia to create problems within Greece with the so-called Macedonian problem in conjunction with Belgrade's pro-Turkish policy made such a high-level visit impossible.

This trip will be realized in 10 days not because Belgrade has changed its tactics--this would be impossible in such a short time--but because the Greek side decided to try once more to maintain relations with Belgrade at the same level as in the past. It is up to Belgrade to decide how it wants these relations to develop because in the future the Greeks cannot ignore the fact that, besides the Macedonian questions Yugoslavia has started to support--discreetly, of course--the Turkish claims about the Muslim minority in Thraki in exchange for the Turkish support of the Yugoslav claims on the Macedonian question.

Nor could Greece tolerate pressures, even queries, about certain recent decisions by the Greek government concerning future Greek defense plans on how to better ensure Greece's national interests. Already there are reports circulating that under pressure by the U.S., which maintains installations on Yugoslav soil connected with the world-wide American electronic spy network, the Yugoslavs intend to ask "questions" concerning the impact the Greek national defense policy will have on the security of "the broader Balkan area."

It is certain that the Yugoslavs will raise a number of other issues. They will ask for the establishment of "free communications," for the revival, that is, of an agreement which ceased to be in force in May 1967. The Greek side derives no benefits from such an agreement. Moreover, any Yugoslav can now be granted visas for six trips to Greece, and renewal of the agreement would facilitate no one.

Perhaps the Yugoslavs will insist on settling the issue raised in 1959 concerning the development of the Axios River basin. However, no progress can be achieved on this issue as long as Yugoslavia insists that the relevant negotiations be conducted between Greece and the Macedonian Socialist Republic. In any event, if indeed Belgrade wants good relations with Greece, it could take certain measures which would disperse the clouds shadowing Greek-Yugoslav relations. One could mention many other measures such as the following:

--Belgrade could stop questioning the sovereignty of our areas by recognizing Greek toponymies. Today the Yugoslavs refuse to use in their maps the Greek names of places Greece uses in its maps of Northern Greece. They argue that they are using "exonyms" (non-national names of toponymies) in order to "maintain unchanged the physiognomy of the area where a minority lives."

--Belgrade could stop the anti-Greek propaganda telecasts and broadcasts by its TV-radio station in Skoplje and especially the propaganda broadcast by the Greek-language section of this station.

--Belgrade could stop the propaganda it spreads on the ostensible Macedonian issue through foreign journalists.

--Belgrade could stop the Skoplje extremist elements from spreading propaganda about "the unity of Macedonia," the "Macedonia of the Aegean" and "the Great Macedonia."

Such measures, if implemented, would prove the firm belief of Yugoslavia's central government in the idea of friendship between the two countries and it would, at the same time, mark the beginning of closer cooperation which would benefit both countries.

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CSO: 3521/166

POLITICAL

GREECE

POLITICAL PARTIES' REPORTED ELECTORAL PLANS

Athens MESIMVRINI in Greek 28 Jan 85 p 3

[Text] Renewal in various forms will be the four principal parties' main watchword in drawing up their slates of candidates.

A renewal which to a large extent entails "trimming off" more than a few active deputies on the one hand and, on the other hand an attempt on the part of the four parties to expand their vital space. The battle of the slates is beginning!

ND: Mr. Mitsotakis "Remains Independent"

As MESIMVRINI is in a position to know, Mr. Mitsotakis has decided to make extensive changes in the ND's slate although, of course, it is premature to mention any names yet.

According to excellent information, in the months remaining before the elections, months of hard work, all deputies, politicians and candidates will be promoted on the basis of their real contributions to their party's struggle.

Furthermore, the monthly report of activities Mr. Mitsotakis has asked from the deputies serves this purpose among other things as well, a request however which up to now has not elicited any great response...

As for the ND's leader, he contents himself with the reminder, according to his previous declaration, that he "will remain independent"...

It is emphasized, however, that the renewed ND's candidates will not be chosen by its leader only, but that the "best possible democratic process will be selected."

PASOK: Difficult Balances

The Central Committee, on which the government's endeavors rest and whose composition the PASOK plans to announce soon, will undertake to base the party's slate on some sort of percentage as well.

It is considered as certain that the members of that committee, personalities of the left and of the center who don't belong to the party will be assigned to positions not subject to elections, thus giving Mr. A. Papandreu the necessary "alibi" to bypass his "unruly" deputies and to choose decisively the parliamentary group which will originate from the elections of '85.

However, both the members of this committee which is being established and also many of the "shunned" deputies of the party will receive the promise that they will be "compensated" by being assigned to high positions in public administration. While, on the other hand, some of today's secretaries general, administrators and organization directors will emerge as the PASOK's candidates for deputy.

According to information published yesterday in a pro-government paper, 10 high-ranking public administrators have already been notified accordingly by a qualified official.

According to the same information, some very well-known names (like those of Mr. K. Laliotis and K. Skandalidis, the alternate EG [Executive Office] member) will be placed at the bottom of each nome's slates for positions not subject to elections, so as to forestall complaints and reactions from those candidates who will view themselves as having been unfairly treated.

In this way Mr. Papandreu achieves two of his aims: on the one hand to control personally the choices for the slate and the new parliamentary group, and on the other hand to present a "renewed" slate which will also include independent personalities from the fringes of the PASOK.

The KKE will attempt to deal a blow to the PASOK's left wing by inviting into its fold "well known names" coming from left wing dissenters of the government party.

The communist leadership's ambitious scheme includes at present Stathis Panagoulis while discussions are in progress regarding the inclusion of other expelled PASOK members (the options, at any rate, are quite wide).

Those new people will fill the gap that will be created in the KKE slates by the departure of veteran officials, such as the deputies Messrs. Kaloudis, Vassalos, Loules, Yannou and others.

In this way the KKE will attempt to lighten its present very "dogmatic" image.

KKE (int.): Renewal of...The Renewal

Despite the fact that Mr. L. Kyros' warning did not essentially change anything as to the relation of forces within the party, it points to the KKE's (int.) attempt to build bridges at many levels this time, in the direction of the non-communist left but also in the direction of communists who are not members of the party (to wit the discussions Mr. L. Kyros recently had with expelled members of the KKE).

Thus the KKE (int.) is trying to cast itself into the role of the party representative of the non-dogmatic, democratic leftist movement, an effort which is obviously also directed at some people in the PASOK...

POLITICAL

GREECE

**GREEKS' MISTRUST OF WEST: HISTORICAL, CULTURAL REASONS**

Lisbon DIARIO DE NOTICIAS in Portuguese 17 Feb 85 p 7

[Article by Nikos Dimou reprinted from DER SPIEGEL: "The Greeks' Distress"]

[Text] The Greek's animosity against the "West" has very deep roots and cannot, therefore, be considered just a transitory phenomenon. Indeed, this animosity began when, 2,000 years ago, the Romans invaded Greece, causing the first cultural shock. Afterwards came Constantinople where, to this day, Greeks maintain their cultural roots, just as they do with ancient Athens. Following the Byzantium schism, the Greek Orthodox clergy promoted hate toward the West. And let us also mention the Fourth Crusade, when the devout warriors from the West invaded Constantinople instead of freeing Jerusalem and razed the Byzantine empire, which thus became an easy prey for the Turks.

The Greeks did not only suffer Osman's game, but also that of the French, the Venetians' and the Genoese's.

It was said in the fifteenth century: "Better the Turks' turban than the Latins' beret."

Of course, this was followed by the arrival in Greece of the young lovers of Greek antiquity. Let us mention Lord Byron, who fought against the Turks alongside the Greeks for the country's liberation. It is also true that without the help of the great powers, Greece would have been unable to declare its independence in 1830.

However, a long series of Western interventions also occurred until the last civil war, and these had nothing to do with friendship.

When Greeks, today, fear the Turks, they are also expressing their fear of the West's enmity. And the reasons for this mistrust are found in long centuries of threats, aggressions and wars.

The Western world firmly believes today that Greece "belongs" to the West, both historically and socially, as well as culturally. However, one must remember that when the country regained its independence after 4 centuries of Turkish domination, this liberation had very little to do with the West.

The great currents that marked Western Europe did not affect Greece: the Scholastic school, the Renaissance and the Enlightenment. Additionally, Greece did not experience the rise of the bourgeoisie.

On the economic level, we are still living in a purely feudalistic agrarian system. And we haven't even begun to feel the first repercussions of the industrial revolution.

In 1800, when the first Western tourists visited our country, they described Greece like an "exotic" land, which had many more Oriental than Western characteristics.

Even today, Greeks refer to Europe as if they are not part of it: "I studied in Europe," "I bought European products," "I am going to Europe."

We were liberated; but the "Europeanization" of Greece has not yet begun, in spite of the fact that this was the big dream of the nineteenth and twentieth centuries. Meanwhile, the number of intellectuals who are being attracted by a cultural ideal synthesizing Constantinople and the East is growing.

Greece is the single most insecure country in Europe. This feeling of insecurity is expressed in daily life through aggression, mistrust and bubbling enthusiasm. It is no coincidence that Andreas Papandreou can afford the luxury of a "proud and independent" foreign policy in spite of his many failures. This policy deeply reflects the Greek people's sense of insecurity. The peoples who suffered a great deal and who were not masters of their own destiny for long periods of time feel weak, and thus become extraordinarily receptive to the inebriating idea of pride.

In the land of Aristotle, the inventor of logic, logic serves little or no purpose. Decisions are made on the basis of sympathies, of aversion, or impulse or of instinct.

In the nineteenth century, our national poet, Solomos, wrote: "My good people, my dear people, my unhappy people: you believe in anything and you are always betrayed."

The Greeks trust and mistrust, but never concern themselves with logical reasons. It is not surprising that, accustomed to foreign interventions, they believed that the dictatorship was due to "maneuvers from abroad." And this is why demonstrations, even the most innocent ones, always end up in front of the U.S. Embassy. In the past, all roads led to Rome. Today, all protests lead to the United States.

Papandreou's charisma is fundamentally due to the fact that, having an excellent knowledge of the Greek mind, he knows how to exploit its psychological weaknesses and master all the emotional registers: fear of the Turks, love of peace, nationalism and utopianism.

In the last 10 years, the social and political life in Greece has degenerated in a struggle immersed in fanaticism and distress, without rationality, without a dialogue, sustained by witch hunts and calumny. Plato himself said: "The Greeks are always children." Throughout their long history, Greeks have evidenced this disquieting feeling: they are children, but they are getting tired.

POLITICAL

GREECE

ARAB EMBASSIES' ARBITRARY SECURITY MEASURES PROTESTED

Athens TO VIMA in Greek 5 Feb 85 p 20

[Article by Nikos Dimou "Al Pacifico"]

[Text] Do you remember Pacifico? He was the foreign "consul" who humiliated Greece in 1850.

At the time, of course, no one dared say anything about an independent and proud foreign policy.

And yet, even today, there are times when the "Pacifico syndrome" strikes again. Because we may threaten the Americans but just let Mubarak come and we tie the city in knots for his sake.

And even though we may set a time limit for the bases to stay, there are whole areas in Greece which have been turned into foreign protectorates.

As for instance Paleo Psychiko.

Where foreigners are issuing orders...and Greeks obey.

And it is not enough that they are threatened daily with being blown sky high...because all the tribes of Israel have decided to settle their differences in this (formerly) picturesque suburb full of gardens...

But they once again are under pashas who issue firmans [edicts] and make the decisions.

And what do Greek authorities have to say? What else? Massacre me, my Agha, so I can become a martyr!

And thus the pasha (sorry, the ambassador) of an Arab country decided that the bus stop in front of his residence bothered him (sorry again: in front of the park of his residence. The house being quite distant from the road...).

Within a few days the stop was eliminated!

The slaves now have to climb the entire Diamantidou slope on foot. 500 meters of hill...rain or shine.

The mayor is unable to do anything. The police are not qualified. The OAS [Urban Communications Organization] received orders from "higher up."

The residents collected hundreds of signatures...in vain. Ambassadorial commands and let the dogs be tied up!

Surely we must be out of our minds! Who is governing this nation?

If His Excellency the ambassador has problems of disturbance or safety, let him buy 100 stremmas in Malakassa or in Peania (at the location of the former airport), surround them with barbed wire and put up watchtowers and prisons. By the grace of Allah, his country has abundant wealth!

But as long as he stays here, he has to play the game by our own rules. Don't you agree, Mr. Kharalambopoulos, Mr. Kapsis? Do Greek ambassadors abroad eliminate bus stops? And build spiked fences around their parks, which violate the GOK [General State Building Regulations]? What do you have to say, Mr. Kouloumbis, will you only crack down on the fly-by-night Greek refugees?

A robbery takes place in Psychiko. You call the police station and they reply that no men are available, because they are busy guarding all the foreign embassies. It's just too bad...if you happen to be a Greek in the foreigners' protectorate. A second rate citizen. Do telephones happen to be out of order? (Quite common). All is well if you are close to an embassy. Otherwise you'll have to wait for quite some time. Ambassadors have priority!

Who now determine the locations of bus stops. Naturally, they are not the ones who use them. Theirs are the masses of tremendously expensive limousines (I particularly admire Mr. Andropov's 7451 Turbo BMW). Woe to the slaves who have to clamber up the hill...

Masters in our own country, says the premier. Let me see, are we really?

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CSO: 3521/179

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GREECE

BRIEFS

CENTRIST MANEUVERS--Some time ago a nephew of the ND's honorary leader, who is a former mayor of Metsovo, Mr G. Averof, established a neat little political shop of his own, the "Independent Democratic Union" (AED). Now he too has joined the efforts to create a centrist supermarket. Friday night "he struck a deal" with the representatives of "Democratic Greece 114," who in turn have made a deal with Assimakis Fotilas, as they are "discussing the matter meanwhile" with Professor G. Koumantos and the well-known pacifist M. Peristerakis. All this matchmaking takes place in the house of the "Democratic Greece 114" representative, the lawyer Al. Betsis, in Psychiko. As far as maneuvers are concerned, the Center is doing well. The result remains to be seen. [Text] [Athens ELEVATHEROTYPIA in Greek 28 Jan 85 p 10] 12278

CSO: 3521/164

POLITICAL

NETHERLANDS

RADICAL PEACE GROUPS PLAN STRATEGY, ACTIONS

Amsterdam DE TIJD in Dutch 18 Jan 85 pp 10-12

[Article by Frenk van der Linden and Jim Schilder: "The Radical Peace Movement Meets: 'Preventing Nuclear War is an End That Justifies Our Means'"]

[Text] "The people do not have to allow themselves to be led like a flock of docile sheep to the slaughter....It might be necessary to sabotage the clockwork of armaments to the bitter end." This weekend, the radical components of the peace movement are meeting. Plans, violence, the final solution of the human question. "Whoever doesn't want to listen has to at least feel."

Nothing but good from the dead.

"Luther King once said, 'An unjust law is not a law.' No one needs to feel bound to a decision or law that is unworthy of human beings. Opposition can even become a duty....Those who deem every parliamentary decision to be sacred should realize that Adolf Hitler came to power by parliamentary means. If at that time there had been a strong movement to thwart Nazism, the 50 million victims of the Second World War would not have been lost."

Opposition as duty: a quote from the conference files.

On Saturday 19 January, the Activists Conference will take place in De Horst, near Driebergen. Among those attending, under the banner of BONK (Civil Disobedience and Non-Cooperation), are the Platform of Radical Peace Groups, 50 and Older Against Nuclear Force, the Refuse Defense Taxes Movement, Action Groups Against Nuclear Force and Militarism, as well as individual campaign leaders who form a part of Onkruid, the IKV [Interchurch Peace Council] and Stop the N-Bomb. A nice reflection of the environment in which a certain honorary doctor from Buitenveldert, although the terror of Lunsens across the country, appears from campaign literature to still be viewed as Joe Nuke.

Now that the No to Cruise Missiles Committee [KKN] (in which, for example, Pax Christi, the IKV, the FNV [Federation of Dutch Labor Unions] and the leftist political parties come together) is simply continuing with "its antics" and "remaining silent about the establishment of an action campaign from which

true opposition can be heard," some 500 people driven to action will strike the iron while it is hot. Because it cannot get any hotter: "Preparations for nuclear war are being made out of economic interest. Whoever cooperates with this could be found guilty of 'the final solution of the human question.' Militarism and capitalism are 'allies.'"

### Slaughter

Again from the conference files: "The people do not have to allow themselves to be led like a flock of docile sheep to the slaughter." Extreme campaigns could produce results. The cruise missiles become the "spearhead." But, "it is not enough to demand that Parliament stop the cruise missiles and then to allow the arms race to continue in the same way." The goal is antimilitarism all over the world. It has become obvious that demonstrations scarcely make an impression; the splintered campaigns contributed just as little to bringing the ideal closer. A cooperative bond of radical campaign leaders appears to be an "organizational stipulation."

Of course, this could introduce "seeds of disruption" into the peace movement. But in that case who has it on his conscience? The radicals, or those in the leadership of the IKV and KKN who dare to proclaim the cabinet cruise missile decision as a victory (because of the half year delay)? And did a survey taken during the massive demonstrations in The Hague not show that 72 percent of the demonstrators recognize that more extreme action is necessary? The Faber faction is frightened to death of this; it is a question of power, since they are no longer the authoritative figure. After all, "a peace movement that opts for more extreme action cannot be controlled or steered into social democratic channels." Yet things need to go as far as that. The parliamentary majority "is lending practical and ideological support to criminal militarism....It might be necessary to sabotage the radar works (clockwork is presumably intended here) of armaments to the bitter end."

Let no one speak poorly of this. At issue is the noble deed called "restoring democracy."

### Difficult Questions

We are talking with three participants in the Activists Conference: Wil Gevers (Amsterdam Women for Peace), Peter Custers (Peace Campaign Newspaper) and Inez 't Hart (Action Group Against Nuclear Force and Militarism). Public relations strategy currently allows a meeting such as this with the mainstream press--even if these members of the press are fed, in response to difficult questions, tracts that are as evasive as they are engaging. At the end of the conversation, when it comes out that in spite of their sympathy for particular movements, reporters need to maintain a critical approach, a peace treaty with respect to this is not signed. In short--and where have we heard this before--the parties are "on speaking terms anyway."

Inez: "Deciding in favor of extreme campaigns is a question of political judgement. The No to Cruise Missiles Committee--at least part of it--acts as if the decision by Lubbers is to the advantage of the peace movement." (The

cabinet resolved to deploy 48 cruise missiles if on 1 November 1985 the Soviet Union has clearly stationed more SS-20s than on 1 June 1984. The Netherlands will station no new nuclear weapons if in that period no new SS-20s have been added; our country will accept a smaller number of cruise missiles if the United States and the USSR decide on the deployment of a reduced number of medium-range weapons--FvdL, JS.) "If you maintain that the peace movement made gains through this decision, then you're engaging in self-deception. There is no question of having made gains by it."

Question: The IKV and KKN are orienting themselves in particular towards The Hague.

Wil: "The course of exerting moral pressure on politicians has reached a dead end. There is nothing left to do other than to pressure them through massive BONK campaigns. These people's petitions--well, there have already been so many massive campaigns. We don't have very much hope that that will accomplish anything."

Inez: "Look at the discussion of nuclear power plants! A majority expressed its opposition to more nuclear energy by means of the Broad Societal Discussion. And now there are to be two new power plants. The politicians are ignoring the voice of the masses."

Driving up the Mercury

And thus: BONK.

Tentative plans.

1. The information phase (January to summer vacation). The groundwork of the organization is laid. The spreading of information, "bringing people and groups around who still have doubts." In addition, a demonstration on "the driving role of NATO in (nuclear and conventional) armaments." "In this way, tension can rise substantially, and the mercury in the thermometer is driven up."

2. Publicizing campaigns (after the vacation period). "Parts of the campaign plans are already being carried out in order to scare Lubbers, but also to go ahead and practice a campaign.... As much of a threat as possible should emanate from all campaigns.... Whoever doesn't want to listen has to at least feel." By November there will be "strikes, quarantines, boycotts, blockades, the occupation of cities through demonstrations and public manifestations. Ministries and all sorts of public buildings will also be occupied. Sirens wailing and bells ringing everywhere." Port operations can be made impossible; a "watertight blockade of all transportation to Rotterdam and The Hague" appears to be on the way.

3. "A positive decision on deployment, no matter how obscured by smoke screens, will not be tolerated. Only an unconditional rejection of deployment will be tolerated" (after 1 November). Gatherings will be organized to pass judgement--

no, not yet on the living and the dead, but rather on Lubbers' decision. "If it is a positive decision--that is, for deployment--then the third phase goes immediately into effect: persistent campaigns. The campaigns and activities continue and where possible are sharpened." Deployment will "be made practically impossible." Because "no one can deny us the right to not want to contribute to our own destruction."

Whoever might think that the way campaigns are carried out nowadays springs from principles borrowed from the weren't-they-great 1960s--in the end, only imagination ruled--can definitely drop that idea. A professionalism has entered into it. Campaign leaders are working on an "informant and contact network." People who work at a place where important information can be gathered are approached and won over to the (peace) cause. In this way, it is plainly reported, crucial data is gathered on:

Aspects of juridical and land planning;

Highways and road construction;

Police briefings;

Construction preparations and supplies, and actual construction;

Military regulations pertinent to bases.

Consumer Campaigns

Wil: "Another possibility is boycott campaigns by consumers. We will promote not buying products from companies that produce weapons--such as Philips. It looks like V&D [Vroom and Dreesmann Department Store] is going to be supplying the furnishings for the houses in Woensdrecht where the American soldiers will be living. Well..."

Q: Promoting not buying products. That sounds benign. You mean, say, blockading the Amsterdam V&D on a Saturday or something like that?

Wil: "That could emerge from the conference, a blockade like that."

Q: How do you intend to remove the taboo from these types of campaigns?

Peter: "We have already noted that it is clear from surveys that the majority of demonstrators are ready for this type of campaign. So you could ask yourself for how many people this 'taboo' of yours still exists. Beyond that, we recognize the need for an information phase in the campaign. Publicity, by way of posters, information evenings, by way of... the press."

Wil: "There will certainly be many people who will first have to overcome a certain fear before they can participate in a campaign such as this. But hey, I know women who took part in demonstrations for the first time in 1981 (Amsterdam) and 1983 (The Hague)! Naturally it's weird. If there's support,

if you're doing these things with a group, these kinds of things do get better. That community feeling, right?"

#### Clear Limit

Q: You mention in writing a "non-violent guerrilla." What in heaven's name is a non-violent guerrilla?

Wil: "Inflicting bodily harm is a clear limit--we don't want that. But violence against things, against businesses is not covered by the term 'non-violent guerrilla.' It might sometimes be necessary to tear down a few fences. Not everyone will agree with this, but you have to leave one another free to exercise their own discretion in this. After the campaign is under way it is important that people don't start denouncing one another. If someone does something that you don't agree with, then you shouldn't start discussing it during the campaigns." (Dodewaard earlier became one big discussion club--FvD, JS.) "If someone doesn't want to take part in a campaign in which something is smashed to pieces, then he or she should simply leave."

Q: On the one hand you want to leave one another free to exercise one's own discretion--the widely-vaunted autonomy--while on the other hand you are seeking "inner solidarity." These two goals could clash if someone wants to use physical violence.

Wil: "That person would in that case have to leave. Leave the movement. But you people are always talking about physical violence on our part; I am convinced that physical violence on the part of the state will increase. At blockades and peace camps over the last few years, the police and the ME [Mobile Unit] have taken hard-handed, downright violent action. Through it all, the demonstrators have remained non-violent--which is in fact clear proof that we are non-violent by principle."

Inez: "The ME receives training in the use of violence. And when these guys have used too much of it, they're never reprimanded afterwards. The feeling being worked up by the police is one of, 'How much longer until the moment we have to shoot?' Whereby it is made quite clear that if the next thing you know the shooting begins, then the police can't help it."

#### No Violence as Counter to Violence

Q: Do you fight back when the ME starts to use cudgels?

Wil: "When the 50 and Older group came to Dodewaard, the ME was ordered to meet these people peacefully. In short, it is of great importance that the campaigns be carried out by a wide public, at least as far as age goes. But if the state does indeed use violence, then you can do little else than allow yourself to be dragged off. It makes absolutely no sense to counter violence with violence. Besides, you lose anyway."

Q: In Belgium, among other things NATO pipelines have been blown up. What do you think of this approach?

Inez: "We are discussing campaigns that can be staged by many people, in public. Bombs are set off by a small group, and in secrecy. That doesn't fit into our structure."

Q: We heard another organizer of the Activists Conference say literally that if he gets the chance, he will certainly blow up NATO installations.

It is impressed upon us that that was "a little joke... only a provoking comment," in which we ought to recognize the folly. When we continue to insist that it was said in total earnest, Peter says, "In the United States there is a committed group that damaged the noses of missiles with hammers and in this way upset the gigantic clockwork that is bringing the threat of a nuclear war closer. We would not condemn an act such as this."

#### Civil Disobedience

The conversation turns to civil disobedience and the criteria formulated for it by Professor Schuyt: the protest goes against the law and is thus punishable; the protest takes place publicly; the activist must be prepared to bear the penal consequences.

Schuyt's generally accepted commandments are far from fashionable among the radical part of the peace movement. "It has absolutely nothing to do with whether you are 'properly' disobedient in the eyes of the judicial authorities," writes Jurjen Pen, a lawyer, in the conference files. "In opposing, say, the cruise missile, one must not allow oneself to be guided by what other people think because they happen to be in power right now."

Peter: "With civil disobedience it is a question of selectively breaking the law. It is not the case that are rejecting the entire legal system; you simply break some law in order to undo specific decisions. Faber may say that by breaking the law you put yourself outside the social order, but there we don't agree with him."

Inez: "If these missiles are deployed, we come one step closer to a nuclear war. Preventing that is an end that justifies our means."

Peter: "Better yet, the damage caused by the means is minimal compared to the wrong that is being fought against. In addition, through the campaigns we are putting parliamentary democracy back on the right path, and no one could be against strengthening democracy, could they? The cruise missiles are being presented as appropriate to a defensive strategy, while they in fact belong precisely to an offensive one. If Parliament adopts this wrong idea of how things are, then it is nothing more than an extension of authority rather than a controlling body."

Wil: "Damn it, we're talking about a weapons arsenal a million times the size of the Hiroshima bomb! Why should specifically offensive weapons be added to it?"

#### Objective Analysis of the Threat

Q: You are suggesting that the available information can lead to only one conclusion. Just like two large navy personnel organizations, except that through their "objective analysis of the threat" they probably conclude that the deployment of cruise missiles prevents nuclear war.

Wil: "I continue to see it like this. If Parliament decides to refuse these missiles, then this is based on better information. People who see it differently do not have access to good information. Yes, even if that means 60 percent of the population."

Peter: "Nuclear war is approaching and the chances of it are growing only greater through the concrete preparations that NATO is making for this nuclear war."

Q: But let's say that the Soviet Union keeps up a continual expansion of its arsenal of medium-range missiles. Shouldn't the West at a certain point make a nuclear counter-response?

Wil: "Naturally the Soviet Union cannot expand without limit. A response must eventually be made, yes."

Q: Hmm. And what is the limit? A thousand SS-20s? Five thousand?

Wil: "Um... I don't know. There has to be, um... a dialogue. Presently the situation is such that the Soviet Union is more or less forced to continue building up arms."

Q: That's no answer. You say yes to the notion that at a certain point NATO should set up a new nuclear force to counter the increasing number of SS-20s. The question is, when?

This is bantered back and forth. Inez: "I think that it wasn't our intention to say that NATO should react this way at a given moment. I think that in a case like that we have to direct ourselves to the East Bloc. Stationing cruise missiles here and elsewhere in Western Europe--that doesn't really protect one from war."

Q: The standard slogan is "Cruise missiles will not be deployed here." How about giving a realistic appraisal.

Inez: "I'm not ruling out the possibility that cruise missiles will indeed be deployed. But at the same time I am keeping in mind that that doesn't mean the end of the peace movement. Nor does it mean that these cruise missiles

will actually be able to function. In England new nuclear weapons were put in place, but the army leadership announced that they really weren't yet ready for use; all sorts of tests that they wanted to conduct with them, transports and the like, were made impossible by the opposition. That can happen here too."

12271  
CSO: 3614/59

POLITICAL

NORWAY

NONSOCIALIST COALITION LEADERS REJECT GOVERNMENT WITH LABOR

Oslo AFTENPOSTEN in Norwegian 14 Feb 85 p 5

[Article by Terje Svabo: "Bondevik, Jakobsen and Benkow Reject Velsand Proposal: 'No' to Cooperation With Labor Party"]

[Text] A coalition government with the Labor Party is not possible. The three nonsocialist party leaders--Kjell Magne Bondevik, Johan J. Jakobsen and Jo Benkow--leave no doubt that this is the common position of the three present governing parties. The statements were preceded by Lars Velsand of the Center Party yesterday having reached out and suggested the possibility of a future coalition government between the Labor Party, the Christian Democratic Party and the Center Party. The three party leaders discuss additional problems with the proposal.

It was during an interview with the Labor Party Oslo press office that Lars Velsand commented on what could occur if the Progress Party should hold the balance of power in Parliament following the fall election. Velsand stated that in such a situation, if the Conservatives made political concessions to the Progress Party, the basis for the current coalition government would disappear. He continued by saying that in such a situation, a coalition government between the Labor Party, the Christian Democratic Party and the Center Party could be an alternative.

The Center Party chairman, Transportation Minister Johan J. Jakobsen, asserts in an editorial in AFTENPOSTEN that he has talked with Velsand and that the representative of the Center Party believes that the statements have been stretched rather far in the interview. Jakobsen states further that the question of a different coalition government is totally hypothetical in that both Prime Minister Kare Willoch and other Conservative leaders have stated that it is not possible to cooperate with the Progress Party.

"I am investigating the statements by the Conservatives and assume obviously that they are intended to be serious, and therefore, I do not see any reason for commenting on a hypothetical situation which can occur only if the Conservatives break their promises. For the Center Party, it obviously is not possible to initiate or give notice concerning a coalition government with the Labor Party--something with which I doubt that Velsand disagrees. Additionally, there is no current discussion within the Center Party concerning a coalition government," states Johan J. Jakobsen.

The Christian Democratic Party leader, Church and Education Minister Kjell Magne Bondevik, asserts that he has emphasized a number of times that the Progress Party cannot have any influence on the policies which a continued three-party government would pursue. He adds that this also has been stated from responsible sources within the Conservative Party. Bondevik believes, therefore, that Velsand's proposal is hypothetical and such statements can only contribute to confusion.

The Conservative parliamentary leader, Jo Benkow, echoes Jakoben and Bondevik concerning the statements previously issued by leading Conservative groups concerning the relationship with the Progress Party. He characterizes Velsand's proposal for a possible cooperation with the Labor Party as uninteresting speculation. Benkow assumes this for no reason other than that the leadership of the Center Party confirms that the Center Party cannot be circumvented by plans concerning sounding out cooperation possibilities with parties other than those in the current coalition government.

Lars Velsand himself states that he did not wish to point to a coalition government with the Labor Party as an actual possibility, but rather to cause an awareness of the problems which the three governing parties can confront should the Conservatives grant political concessions to the Progress Party.

Carl I. Hagen, the leader of the Progress Party, states in an editorial that two representatives of the Center Party, Ragnhild Q. Haarstad and Lars Velsand, give a confused impression of the Center Party as being a non-socialist party. Hagen asks that Johan J. Jakobsen clarify the situation.

12578  
CSO: 3639/81

POLITICAL

NORWAY

POLL SHOWS VOTERS SLIGHTLY FAVORING LEFTIST GOVERNMENT

Oslo AFTENPOSTEN in Norwegian 14 Feb 85 p 3

[Article by Ted Hanisch: "Voters' Choice of Government: Slim Lead for Labor Party"]

[Text] According to the political situation as it looked at the beginning of the year, the Labor Party had a slim lead over the three-party coalition government among voters. By and large, this lead can be explained by the fact that the issues which have stood out among daily political concerns--employment, care of the elderly and health care--are issues which traditionally are concerns of the Labor Party.

In the view of the voters, the essence of the political profile of the three-party government, and especially of the Conservatives, is emphasis on private enterprise and private solutions. This makes it difficult for the government to make convincing arguments that its willingness to concentrate on health care and care of the elderly is comparably strong on the part of the nonsocialists as would be the case with a Labor Party government.

Generally, a study is made of the strength among the opposition parties to put together support for those parties which are viewed as being able, between them, to put together a parliamentary majority. In the pre-election poll, we also have asked the voters directly which of the two probable alternatives they prefer as well as whether they see other alternatives. The result is that 42 percent prefer a Labor Party government and 40 percent a continued three-party government. Only 5 percent of those asked see other possibilities. Of the 13 percent who respond "don't know," nine out of ten belong to the political center and are primarily moderately or barely interested in politics. This applies more to younger voters than to older ones.

As expected, the support for a three-party government is very solid among Conservatives (86%), but surprisingly, the figure is equally high among supporters of the Christian Democratic Party. In contrast, there is confusion within the Center Party since one-third of the supporters of that party respond "don't know." The Liberals likely will have a hard time in making their election choice. Their views seem to fall into three nearly equally large groups: 38 percent favor a Labor Party government, 28 percent would have a continued three-party government, and approximately the same number hope for a middle-of-the-road government.

### Even

Data from the pre-election poll does not give any indication that the three-party government rates particularly stronger among younger voters than a Labor Party government. Support for a Labor Party government is 38 percent, versus 40 percent for three-party government, among the group under age 30. There is no difference within the age group between 30 and 59. The lead which the Labor Party has is attributable primarily to a greater support from among people over age 60. The figures for support for the individual parties confirm this picture. The data, however, is particularly subject to error among younger voters so that the conclusion is uncertain.

Among families with low and middle incomes, a Labor Party government is preferred by 47 versus 45 percent, while the three-party government has support from 35 percent. Among families with income over 160,000 kroner (this includes 40 percent of those questioned), half prefer a three-party government. The result is about the same when one looks at education, since as many as half of those asked who had 10 or more years of education prefer the three-party government. The Labor Party has a lead of 45 percent versus 37 percent among the larger group with up to 9 years of education.

### Well-Known

This confirms the clear and well-known correlation between social background and political orientation. With the Conservatives as the dominant party, a three-party government necessarily will need its strongest support among groups with median or higher education and income. However, it is only when one turns to occupations that the difference in support for opposition parties becomes significant. In Chart 1 we have shown the percentage among various differing groups of employed persons--self-employed, upper and lower salaried office workers, as well as trained and untrained laborers--which prefer a continued three-party government. Each of the these groups is categorized according to whether they work in the private or public sector. The bar at the far left of the chart does not contain this differentiation because the public sector, by definition, contains only salaried workers.

### Private - Public

Chart 1 shows that the core of the support for a three-party government lies among higher-salaried office workers in private industry, where the support is very high. Thereafter, support decreases very markedly with lower employment status, and at each level, it is lower among publicly, as opposed to privately, employed people. This is one of the many indicators of how important the conflict concerning private versus public enterprise is in Norwegian politics. Given the significance which the public sector now has as an employer, ideologic orientation and self-interest have merged in a manner that it is seriously problematic for the present government, and particularly for the Conservatives. In contrast, the opportunity for the Labor Party clearly is limited in terms of getting on speaking terms with salaried office workers in private industry.

Viewed in this manner, the focus during the election on the dissimilarities between private and public solutions will become quite decisive for whomever has the political lead at any given time. The Labor Party's lead around the beginning of the year can be explained by the fact that three of the most central issues in the voters' eyes were health care, care of the elderly and employment. Particularly the first two issues have had a tendency during the campaign to benefit the Labor Party. This can be seen clearly from the following chart.

What is the most important issue in the campaign?

	Foreign Policy	Pollution	Taxes	Care of Elderly	Health Care	Reducing Public Expend.	Employment	Inflation
<u>What Type Government?</u>								
Labor Government	32	50	38	43	45	26	46	31
Non-Socialist Govt.	55	32	39	40	34	55	38	53
Other	4	9	7	3	6	5	4	6
Don't Know	9	8	16	14	15	14	12	20
Total Percentage	100	100	100	100	100	100	100	100
Number Questioned	179	99	94	329	453	61	547	122

The chart shows that particularly the debate concerning health policies has awakened interest and become a detriment for the three-party government. Notwithstanding that long lines at health care facilities are nothing new, it is clear that many voters have decided for themselves where they will lay the blame.

Otherwise, we can see again from the chart that taxes have not been a particularly important issue during the debate. If that had been the case, the picture could have been otherwise. We can see this more clearly in Chart 2.

Chart 2 demonstrates the support among those asked for the opposition parties within three different groups respecting lowering of taxes--namely, those who believe that the reductions have been too small, suitable, or too large. The numbers in these groups surveyed are 414, 279 and 93, respectively. We can see that a Labor Party government in fact is preferred by nearly half of those who believe that tax reductions have been too small. The most likely interpretation of this is that this group would support a Labor Party government despite the tax views of the Labor Party. Among those who believe that the reductions have been appropriately large, supporters of the three-party government have a clear majority. The responses here reflect more a vote of confidence than a cause-effect relationship. Among the few who believe that the tax reductions have been too large, 80 percent support a Labor Party government. The conclusion is that taxation policies are a problem for the Labor Party--but so far, a problem which can be tolerated.

The three-party government has the advantage here, but until now, the Conservatives have not taken advantage of this. It seems clear that one cannot expect the same success in the halls of Parliament as in 1981 because the tax cut then was coupled with increased growth in private consumption and with no restrictions on public consumption. After three years, one cannot count on the critical problems within the health care field and concerning the care of the elderly being controlled politically, given the root causes which these problems have.

#### Self-Insured Responsibility

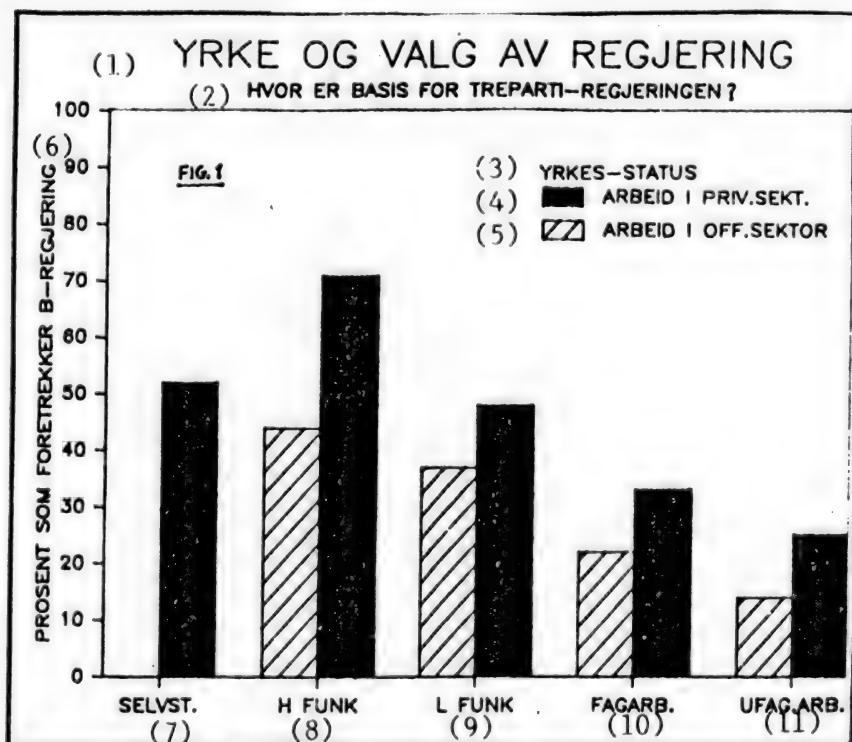
We can illustrate this by looking at the support for the opposition parties solely on the basis of the position held regarding increased co-payment responsibility in the health care field. This is shown in Chart 3. The largest group is opposed to the increase in co-payment responsibility which has occurred, and among this group, 60 percent support a Labor Party government, compared with about 30 percent in favor of a three-party government. Similarly, the high degree of support for the three-party government does not necessarily reflect enthusiasm for the measure, but rather, more a declaration of loyalty.

The picture is much the same when we look at other matters which are involved in the split between public and private industry. As has been seen earlier, the proposal for more jobs in the public sector as a means of increasing employment has strong support. Among those who support the proposal, 55 percent would prefer a Labor Party government. Conversely, the three-party government has a corresponding support among the (smaller) group which disagrees with the proposal. The pattern is repeated when we look at the proposal for establishing private for-profit hospitals.

## Having and Eating the Cake

Thus, our summary is as follows: the voters have a tendency to want to have their cake and to eat it too. Jobs and services from the public sector and lower taxes are strongly desired at the same time. The strength of the opposition parties will be influenced strongly by who is on the offensive in the debate concerning private versus public solutions. The three-party government's problem is to win confidence in its willingness to maintain public services when the government's--and even more, the Conservatives'--position is premised on private being best. The Labor Party's problem is to get many of the salaried office workers or middle class voters to have the same faith in collective solutions as two-thirds of the members of LO [Norwegian Federation of Trade Unions] obviously have. The big obstacle here is the protest against taxes.

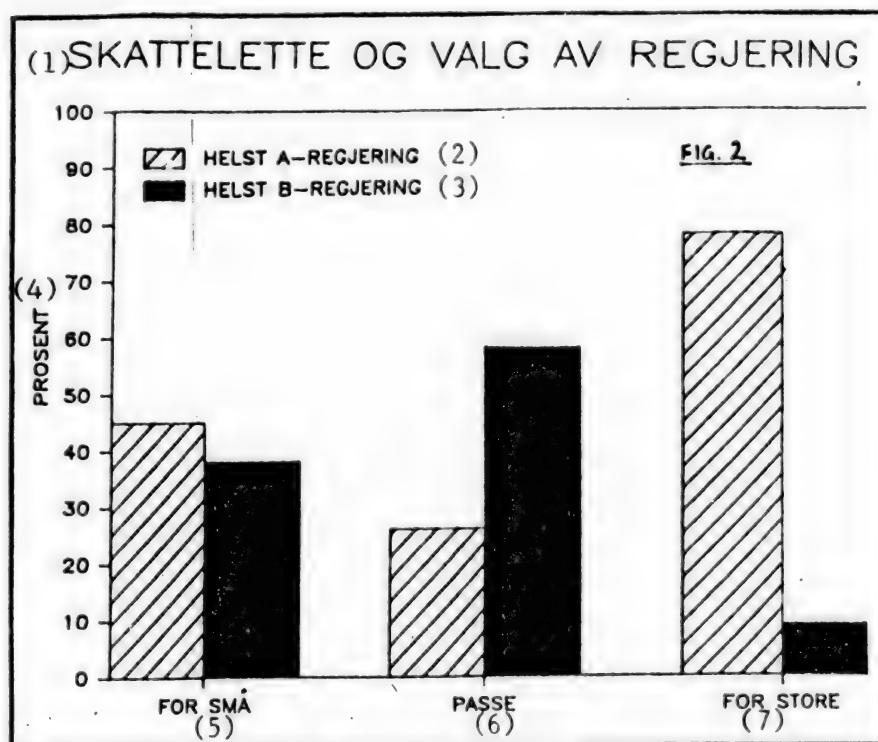
CHART 1



### Key:

1. Occupation and Choice of Government
2. Where is Support for Three-Party Government?
3. Occupational Status
4. Employed in Private Sector
5. Employed in Public Sector
6. Percentage Preferring Non-Socialist Government
7. Self-employed
8. Upper-level Salaried Office Workers
9. Lower-level Salaried Office Workers
10. Skilled Laborers
11. Unskilled Laborers

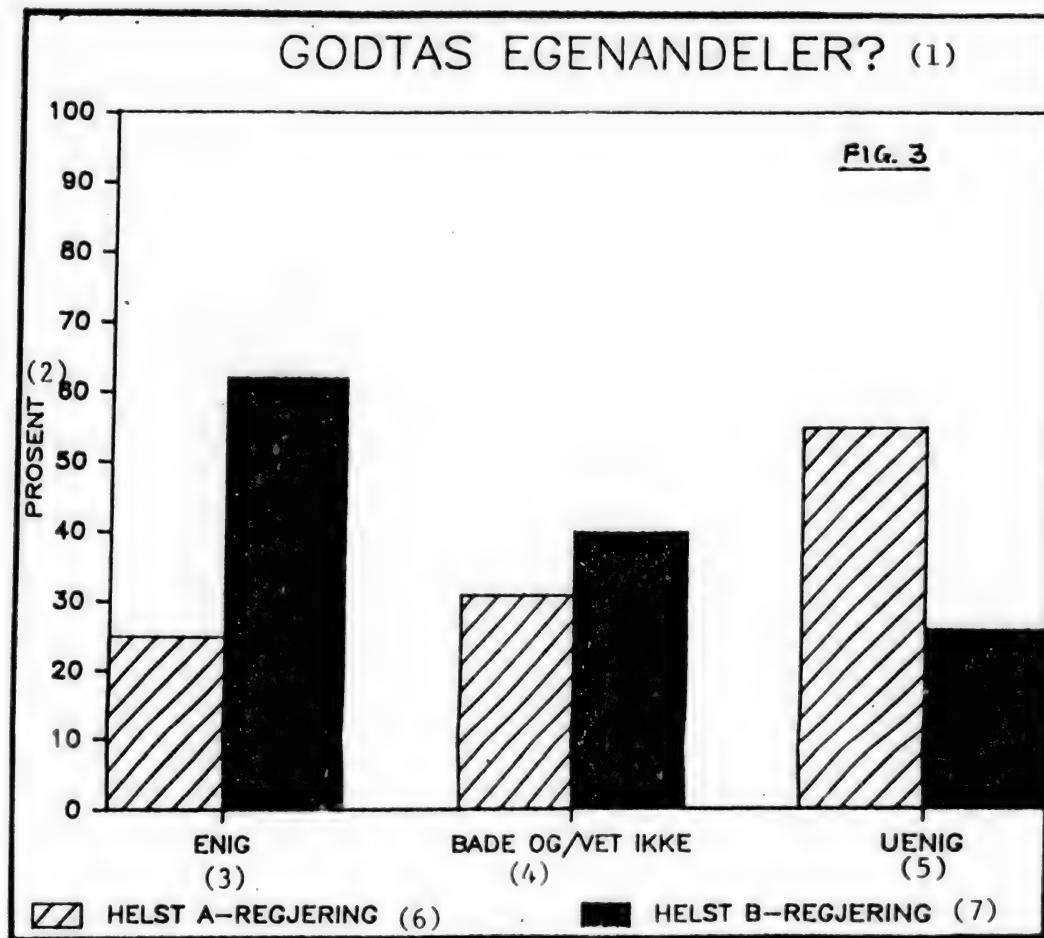
CHART 2



Key:

1. Reduced Taxes and Choice of Government
2. Prefer Labor Party Government
3. Prefer Nonsocialist Government
4. Percentage
5. Too Small
6. Suitable
7. Too Large

CHART 3



Key:

1. Approve Co-Payment Responsibility?
2. Percentage
3. Affirmative Response
4. Don't Know
5. Negative Response
6. Prefer Labor Party Government
7. Prefer Nonsocialist Government

12578

CSO: 3639/81

POLITICAL

NORWAY

RULING COALITION FAVORED BY ECONOMIC TREND IN ELECTION CAMPAIGN

Stockholm SVENSKA DAGBLADET in Swedish 5 Feb 85 p 2

[Commentary by Hakan Hagwall]

[Text] In Norway--in the Norwegian mass media, at least--popularity polls for the political parties are as popular as they are here. Sometime each week results are released from one institute or another. Because of the number of polls and the spread in their results, any analyst must be cautious or risk appearing ridiculous.

At present, however, it appears that the two governmental alternatives, i.e. a continued Willoch government or a new Harlem Brundtland government, are at about equal strength leading up to the fall elections.

An unfair election system that may be affected by chance occurrences and a system that fails to provide an equitable distribution of seats make it even more difficult to predict the election results. The election system, with its lack of proportionality, tends to favor the largest party. As a result, the Norwegian Labor Party has opposed reform. That party still dreams of achieving the maximum results in a system where a party with 42 percent of the votes can obtain an absolute majority in parliament.

The three parties in the nonsocialist coalition have decided to counteract the negative effects of the election system, as much as possible, by working together with so-called ballot associations in certain districts where the outcome is uncertain.

Norway now has a government with a majority in parliament. It is realistic to believe that the parliamentary situation will be less clear after the fall elections. It is conceivable, for example, that the coalition parties could be weakened somewhat, but remain in power as a minority government with Carl I. Hagen's Progressive Party as a support party in parliament.

That is not a particularly appealing prospect. Carl I. Hagen has already spoken out about what he would do in that situation. He would bring down a three-party coalition in order to create a purely Conservative government to which he, Hagen, would then make certain demands. It does not appear that this

project could be accomplished, but this shows the type of political desperado a nonsocialist prime minister would have to deal with.

Apart from the uncertainty created by the opportunists in the Progressive Party, a nonsocialist majority would also face inherent dangers.

During the present term, security policy has caused battles in parliament from time to time. The government's existence has been on the line, because Kåre Willoch has declared that he does not intend to be chief of state if Norway becomes a "footnote nation" like Denmark and Greece, i.e. a NATO member without loyalty to its allies.

The government has barely managed to win these votes in parliament. Some pacifistic middle-party members have rebelled and voted with the leftist opposition.

Some of these rebels have already been nominated for reelection this fall by their local party organizations. If the nonsocialist majority shrinks as a result of the elections, it may disappear entirely, in reality, when it comes to security policy, since it would be impossible to count on the nonsocialist parliamentary group as a whole. In that situation, the problem of forming a government would be extremely tricky, especially since it is impossible to dissolve parliament and call for new elections in Norway.

A leftist victory in the elections would also result in a fuzzy parliamentary picture. The Labor Party seems uninterested in ruling as part of a coalition. But Gro Harlem Brundtland can hardly hope for a majority. She must seek the support of the Socialist Left Party--and even that may be insufficient.

Then there is the tiny Liberal Party--what remains of it after it was almost obliterated during the EC battles of the seventies. After vacillating in the past on the government issue, this nonsocialist party has now declared that it will support a Social Democratic government. It is reported that there are certain conditions, however. These conditions are unknown. The problem could solve itself, however, if the Liberal Party loses its remaining two seats in parliament.

The campaign will boil down to the simple question of whether or not Norwegians are better off now than before.

The coalition parties have already selected their slogan: Norway on the Right Road. During the past few years, the government has undertaken a cautious reorganization of the economy. Despite considerable political pressure, the government has refused to unleash its enormous oil revenues.

Now Norwegians will receive a small reward. The 1985 budget is more expansive than previous budgets. It is already reported that this trend could continue next year.

The government can also point to good results in 1984: a low inflation rate, the greatest growth in the economy since 1979--despite the reduced share of the public sector, tax reductions, especially for families with children, and real growth in wages. Add to this the fact that Norway, instead of gigantic budget deficits and debts, has large reserves and it appears that the Norwegian government has just as much chance of reelection as the government in a certain neighboring country that also talks about being "on the right road," although with less justification.

The opposition will concentrate on unemployment. It is relatively high by Norwegian standards, but the trend during the fall of 1984 was in the right direction. So far, the Labor Party has claimed that this was because of the warm weather. Thus, they put their hopes in the unemployment figures for the bitterly cold month of January. These figures came out last Friday. Unemployment was higher than in December, but lower than the same month 1 year before. At that time, unemployment was 80,000, compared to 70,000 now.

It is possible, however, that even this figure may be too much for Norwegian voters. Then the question will be how much the government will be willing to invest in labor market measures during the fall--in other words, how cynical it will be.

9336  
CSO: 3650/172

POLITICAL

NORWAY

GRO HARLEM BRUNDTLAND DAMPENS LIBERAL TIE SPECULATION

Oslo AFTENPOSTEN in Norwegian 20 Feb 85 p 5

[Article by Thorleif Andreassen: "Gro Harlem Brundtland Says Labor/Liberals Unnatural"]

[Text] "A government of the Labor and Liberal Parties is not a natural solution. It is our clear goal to form a government alone. It is a well-known parliamentary situation: Either we get a majority alone or we get the support of SV [Socialist-Left Party] on the government question. That is the most probable situation in the event of a nonsocialist election defeat," said Gro Harlem Brundtland to AFTENPOSTEN.

At the same time the Labor Party leader had reason to emphasize that she does not want to make any absolute statements about the government question before the parliamentary situation is clear following the Storting election.

Her statement was made in connection with Kjell Magne Bondevik's words in this newspaper recently. The chairman of the Christian People's Party sought a clear response from Gro Harlem Brundtland's party: How would a cooperative agreement be with the Socialist-Left and Liberal Parties if there is a socialist majority in the election?

Hypothetical

The Labor Party leader maintained that that is a hypothetical situation whether the Liberals would be decisive for a majority.

"Our starting point will be our own program, and our attitude toward the government's long range program. The Storting's management of the long range program is most important for political clarification. The Liberals will also run their political race here."

"And must support the Labor Party on all points in order to be of interest as a cooperative partner?"

"From the signals which have been given, and the policies of the Liberal Party, it is natural that the party would support a Labor Party government."

"The Liberals want to be in the government with your party. That is now clear."

"It is also clear that we will not go out in advance with a solid answer to a hypothetical parliamentary situation--a situation which furthermore Norway has never had," said Gro Harlem Brundtland, and continued, "The Labor Party is going into the election on the political tasks that will be decisive for the political framework that we can be responsible for as a government.

"From the results of the polls I am convinced that if there is to be a continuing nonsocialist government, it must have the support of the Progressive Party in order to have a parliamentary majority," concluded Gro Harlem Brundtland.

Dorum

The chairman of the Liberal Party, Odd Einar Dorum, said that he considers Kjell Magne Bondevik's question reasonable.

"For many years the Labor Party has said that it could imagine cooperating with the political center. Now a debate is going on between the Labor Party and one of the middle parties. It is clear that this concerns Bondevik as the chairman of one of the middle parties," said Dorum.

"But the Liberal Party has not received any response from the country's biggest party on the government question?"

"No, but the Labor Party has been clear enough: the election result will decide the basis for eventual negotiations."

"What issues will the Liberal Party promote in an eventual government cooperation with the Labor Party?"

"During the election campaign it will be important to clarify where there is disagreement, but also where there is agreement," emphasized Odd Einar Dorum.

9287  
CSO: 3639/83

POLITICAL

NORWAY

PAPER COMMENTS ON NERVOUSNESS FROM RISE IN PROGRESSIVE PARTY

Oslo AFTENPOSTEN in Norwegian 26 Feb 85 p 2

[Editorial: "More Confusion About Progressive Party"]

[Text] Have parts of the Norwegian political environment lost the ability to read? Or are we faced with a deliberate desire to misunderstand? There is no third possibility when it comes to individual comments in the wake of AFTENPOSTEN's analysis of what will happen in the Storting if the Progressive Party [FRP] takes the balance position following the autumn Storting election. If the first is correct it is the fault of public education. If we are confronting a deliberate desire to misunderstand, public education is also lacking.

What is worse is what is wrong with ARBEIDERBLADET. They are saying that AFTENPOSTEN is celebrating the FRP advance in the latest poll, and that we are participating in "political discussions" between the government parties and Carl I. Hagen. Both assertions are far from the truth. Our opinion of important parts of FRP positions, program items, recommendations and organizational structure has been presented so clearly on our editorial pages that everyone should be able to understand it. In the second place we have never recommended "political discussions" with Hagen about the formation of the government.

In reality ARBEIDERBLADET knows that AFTENPOSTEN is celebrating just as little as ARBEIDERBLADET did in 1973 when the Socialist Election Alliance swept into the Storting with 16 seats. It is also known that the Willoch Government will work on its own terms, not Hagen's, in the same way that Trygve Bratteli in 1973 went into government formation on the Labor Party's terms, not those of the Socialist Election Alliance. In the case of ARBEIDERBLADET, they are therefore faced with intellectual dishonesty.

On the nonsocialist side, two prominent politicians are obviously confused about what is really under discussion. The parliamentary leaders of the Center Party and the Christian People's Party, Johan Buttedahl and Harald Synnes respectively, "do not want to join in any form of negotiations with

the Progressive Party" they say. The reason continues to be that we pointed out that the coalition should try to exchange a few words with Carl I. Hagen if his party comes into the balance position. And we can not avoid the following heartfelt wish: Dear Jakobsen and Bondevik, would you please soon explain simple basic political reality to your group leaders?

In order to contribute to the easing of Buttedahl's and Synne's confusion: "To exchange a few words with Carl I. Hagen" in a given situation means nothing more than the natural parliamentary procedures and good manners of explaining to the FRP leader that the government considers it correct to continue on the basis of its own clearly defined policies. FRP may then choose between supporting them, or giving us a Labor Party government. Hagen will also have reason to define what he wants in the first place, and what he alternatively will put up with if he continues to maintain that he does not want a Harlem Brundtland government. "To exchange a few words" also means to explain each other's positions. To achieve foresight and stability.

9287  
CSO: 3639/83

POLITICAL

NORWAY

SOCIALIST YOUTH ATTEMPTING TO REBUILD AFTER 1981 SPLIT

Oslo NY TID in Norwegian 9 Feb 85 p 19

[Article by Gisle Rostvag: "SV's [Socialist Left Party] Good-Natured Youth?"]

[Text] There is not much fuss about Socialist Youth (SU). In contrast to the other political parties, SV does not receive any opposition from its youth organization. But if sarcastic tongues today call SU "Good-Natured Youth," it has not always been that way during the ten years since its founding.

SU is older than the mother party. A month before its formation in 1975, the Communist Youth, Social Democratic Youth, AIK's Youth, and some independents had formed Socialistic Youth. The young people were a driving force in the organizational convention.

But SU experienced its first split when NKP [Norwegian Communist Party] abandoned SV. When factions within NKP voted to remain outside the new party, the entire youth organization followed suit.

Growth and Split

Serious conflicts lay behind the organization of SU. But when the organization first was founded and the compact with the communists was reached, a good period ensued.

SU had its period of greatness during the years 1976 and 1977. The organizational apparatus functioned well and support grew.

However, new political opposition arose. During the national convention in 1977, a radical program was adopted respecting military policies. SU was involved in the internal debate within SV and supported a stand in favor of socialist anti-militarism. The 1977 national convention also adopted a trades program which was considered "leftist" relative to SV.

The most radical forces within SU gradually shoved the more party-faithful to the side, and the issue of independence between SV and SU became the great conflict theme for several years. During this period, SU strongly criticized SV from the left.

This trend must be viewed in light, among other things, of the growth of the pro-Soviet movement.

#### SU Dissolved

The left wing was split during the national convention in 1978. A leadership was elected which hardly was representative of the organization.

It is appropriate to note that the present SV party secretary, Erik Solheim, after having been the left wing's candidate the year before, now came forward as a reconciliation moderate candidate.

During this period, the leftist faction in SU established contact with the English marxist party, the Socialist Workers' Party. This contact truly has been an important factor in the development of the left wing within SU as the result of reciprocal visits, courses, and the like.

During the spring 1980 national convention, a backlash came against the "leftward departure" of the leadership. The relationship with SV was criticized, and the newspaper, UNGSOSIALISTEN, also was given a hard time. The majority of the basic organizations reacted very strongly, among other things, to the fact that SU would not campaign for SV.

After that national convention, the faction which wanted strong solidarity between SU and SV held the majority of leadership positions. As a compromise, however, the opposition left was granted the position of editor of UNGSOSIALISTEN.

This arrangement contained many conflicts and after new strife, the editor resigned. Up until the national convention in 1981, both wings worked toward preparing for the breakup of the organization.

In practice, the two organizations were under the same umbrella during this period. The majority and the minority (which had control in Oslo and Troms and which was strong in Bergen, Stavanger and Trondheim) each had its own study groups and was thoroughly organized in factions at all levels within the organization.

During the national convention the left-opposition declined to leave the meeting notwithstanding that a resolution to this effect was passed. The majority then dissolved SU and re-formed it the day after--without the minority. The architect behind this manipulation was the previously-mentioned Erik Solheim. He now stood firmly placed on SU's "right flank."

### Toothless

Following the split, large parts of the organization needed to be built up anew. Not until 1983 did normal political work again receive primary attention, and today, SU is in gear working both on activities and seeking support.

The harmony in recent years has been so thorough that many today accuse SU of being toothless and well-dressed.

SU has its greatest support among young people in school. Trade work is way down.

In contrast, they have been noted for their women's policies. For the first time in SU's history, there now is a majority of women both in the leadership and among the members.

### Young Cuckoo

It is SU which is behind PRESS. That is to say that it subsidizes operations and selects the editor. But to the extent that the young socialists thought they would have a phonetic mouthpiece in PRESS, they made a mistake.

The editor of PRESS strongly asserts his independence from the party. They are different in political outlook notwithstanding an undefined solidarity in "the left wing" and "socialism" can be deemed to be a least common denominator.

In any case, at least until further SU can take pride in being willing to raise a young cuckoo among its other activities.

### Good PR

[Question] "What contact do you have with SU?"

[Answer] "Do we have contact with SU?"

[Question] "Those who are not party members believe that it really is unimportant to "market" a political youth organization."

[Answer] "Nor do we do that either! We write about things, and with a Conservative government and a decadent environment for young people, nearly all of the writings are revealing. On the other hand, a good PRESS is good PR for SU. But that does not matter as long as SU follows up on the good things about which PRESS has written--and not vice versa."

[Question] "You deny that SU has power over you. Do you have power over SU?"

[Answer] "Maybe . . . ? We are in a situation of one way communication where we write what we want and where we can throw away all letters to the editor which we do not like. That may be considered as our setting the theme for the business of the day."

12578

CSO: 3639/81

POLITICAL

SPAIN

ARDANZA TO MODERATE POLICIES DESPITE DEMANDS FROM PNV

Madrid TIEMPO in Spanish 4 Feb 85 pp 21-23

[Interview with the president of the Basque Government, Jose Antonio Ardanza, by Isabel Martinez; date and place not given]

[Text] In just a few days, Jose Antonio Ardanza has done everything that Carlos Garaicoechea always refused to do. If the document signed with the Socialists is carried out to the letter, the new "lendakari" will go down in history as the Basque president who made the Basque Country part of Spain. But there are still many question marks.

[Question] Have you gotten over your inauguration jitters?

[Answer] Yes, the inauguration jitters are gone.

[Question] Was it a nasty episode?

[Answer] Yes it was, but definitely not in the way that you are assuming. It was a nasty episode because of my own lack of experience in these sorts of battles and because I am not fond of such things. That aspect of politics, or being interviewed like now, doesn't sit too well with me. I know that it's one of my duties now, but it doesn't sit well with me.

[Question] What changes are there going to be now that you are in Ajuria Enea?

[Answer] I think that I would have to let some time pass before answering that, and actually the people who follow events should reply instead of me. I know what I plan to do, but I couldn't tell you whether that is going to mean changes or not. For the time being, I'm going to work in Lakua so that I can be close to my advisers and to get the government moving because it has been somewhat at a standstill because of Garaicoechea's dismissal and the prior crisis. The country is demanding that things get started, and my responsibility as "lendakari" is to meet this demand.

[Question] Do you feel confident about backing from your party?

[Answer] Yes I do.

[Question] Completely?

[Answer] Completely.

[Question] But a faction of the PNV [Basque Nationalist Party] has criticized you from the outset.

[Answer] The party itself is going to gradually resolve its own crisis. That's not why I'm here; I'm here to resolve the Basque Country's problems.

[Question] In any event, what was your reaction when some members of your parliamentary bloc just sat there and did not applaud your election?

[Answer] I didn't feel anything in particular. The differences of opinion and the confrontations are public knowledge, and I was certainly not surprised. This is something that worries me as a party member but not as "lendakari" because I know that I'm going to have my group's support.

[Question] People are saying that the EBB [Basque Executive Committee of the PNV] is going to do a lot of governing.

[Answer] No, the EBB is not going to govern, because it is not the sort of institution that governs the Basque Country. Furthermore, the party has too many other things to do for it to try and govern the country. There will be coordination, and it stands to reason that a president will consult with his party's Executive Committee on important matters, but this does not imply subordination or a behind-the-scenes government.

[Question] Are you more to the right than Garaicoechea?

[Answer] I don't know how rightwing or leftwing Garaicoechea was. I think that such labels are very confusing. Neither socialism nor Christian Democracy are what they were 40 years ago, for example, and I don't know whether we're not getting a bit lost in this regard. I think that there are two major camps, the Marxists and the non-Marxists. All of this business of progressives, rightwingers, leftwingers...well, I don't really know what it means. I am not a Marxist, I am not a revolutionary.

[Question] Are you more of a nationalist than he was?

[Answer] I am a nationalist, but I don't know how that is measured either.

[Question] So where do your differences lie?

[Answer] I have not done a psychological study of Garaicoechea to see where our differences lie. We will see whether or not there are differences in our ways of running the government.

[Question] How should we interpret your definition of yourself as a "radical nationalist"?

[Answer] I always have been one as far as the objectives for my country are concerned. But now I have to govern in a country in which not everyone is a nationalist, and my obligation as "lendakari" is to strike a balance. This does not mean, though, that I'm renouncing Jose Antonio Ardanza's radical nationalist objectives.

[Question] As the "lendakari" or as Jose Antonio Ardanza, are you saying that once the autonomy statute has been fulfilled, you are in favor of broader home rule?

[Answer] If my people feel that the statute goes far enough, I will abide by their wishes, even if I might want more. If the people feel that it is not enough, I will call for a new pact that goes beyond that stage of the statute. But I'm talking about a new pact, not violence to get one.

[Question] With the Spanish flag flying at Ajuria Enea, with your clear-cut opposition to ETA [Basque Fatherland and Liberty] and with your acknowledgement that you are the central government's representative in the Basque Country, what does the pact...

[Answer] No, no, that's not part of the pact; it's in the statute. It's been there from the beginning in Article 33. We have been demanding compliance with the statute and we have at times forgotten what it says. There are things in it that I like and things that I don't like. I accept it now, even though it might not thrill me all that much. This is my way of breaking a vicious circle, so that the other side has no excuses to make. I go along with something that I don't like and then demand what I want and what they perhaps don't want. I keep my word, and now you keep yours too, because otherwise the situation could get real touchy.

[Question] My question was going to be whether by virtue of all these things the PNV is starting to renounce or qualify its nationalist agenda.

[Answer] The government is one thing, and the PNV is another. Perhaps my party would have liked a more nationalist statute, but this is the one that was agreed upon. And so who has to honor it? Well, the institutions, the government here and the government over there. The PNV and the PSOE [Spanish Socialist Workers Party], as parties, are entitled to continue asserting their political identity.

[Question] Would you like to have had the PSOE's votes at the balloting?

[Answer] Of course I would have, but it doesn't bother me either that I didn't get them, because from a political standpoint you can't tell whether it's better or how it might be interpreted. The logical thing would have been to combine the votes, but logic is one thing and politics is another.

[Question] How could the mood have changed so quickly from insult and confrontation to what some have called "the Vergara embrace"?

[Answer] There is no "Vergara embrace," just a sense of political responsibility.

[Question] But how was that leap made?

[Answer] There has been no leap, no major change. Things remain the same. We have to be loyal to the pact, but there has been no radical change, nothing has been turned inside out; we have merely gotten down to the task of making this country governable.

[Question] Will you have to make a lot of trips to the Moncloa, in addition to the friendly relations with the Basque Socialists?

[Answer] I don't know whether I'll have to make a lot of trips, but I'm willing to make however many are necessary.

[Question] Was Garaicoechea's policy towards the current government misguided?

[Answer] I wouldn't be so bold as to pass judgment on that, but I am going to try a different policy. It would be sad if a forthright attempt at dialogue brought us to the same conclusion. If that happens, I think that it will close quite a few doors. Time will tell what is best.

[Question] Garaicoechea has said that he wanted to reach an agreement with the Socialists but that the party didn't let him.

[Answer] Did he say that? I don't know, but we knew about the attempt to block the pact in Parliament ever since 26 February. As far as I know, the party didn't create any problems; on the contrary, it gave encouragement, and not just now but ever since the election results were in.

[Question] Politics seems to be pitiless with its victims. Is Garaicoechea as bad as he is now made out to be?

[Answer] I don't know whether politics has been pitiless with Garai-zecha. I deeply regret what happened with him, but the same thing happened to me when I was a general deputy, and then there's also the chairman of the EBB, who will probably vanish from the scene.

[Question] Are you afraid that over time you might "fall into disgrace" like the former "lendakari"?

[Answer] If that happens, I'm going to make things very easy for my party. If I don't have its backing, I cut no ice, I'm superfluous. In other words, I'll simply leave.

[Question] What do you think about the incidents, the smoke bombs and the people who got hurt as you were finishing your inaugural address?

[Answer] I find it regrettable, but these things tend to happen in other countries with democracy too, not just here. I have seen it in France and Switzerland. I was surprised, though, at how violently the police charged in at one point. I think that the police ought to take the utmost care to avoid casualties or injuries, as there were that day.

[Question] What do you think of the charges of "treason" and "prostitution" that Herri Batasuna (HB) has been tossing around?

[Answer] They use those terms all the time, and after you hear them so much, they seem to lose their meaning.

[Question] Are you going to call on them again after they snubbed you?

[Answer] I invited Herri Batasuna, and we had even agreed on the day and the time they were going to come. Then they decided not to, but I still told them: "Gentlemen, the door to my home and to my office is always open to you. I want you to know that if you want to see me, I'll always be here waiting for you!"

[Question] Have you talked during your conversations with the PSOE about legalizing Herri Batasuna?

[Answer] It makes no sense to us not to legalize them. I think that the Socialists are sensible, though in keeping with their responsibility as the people in power. I think that it ought to be legalized immediately.

[Question] ETA's number one leader is from your town. Do you know him?

[Answer] Ixomin Iturbe. Yes, he's from Mondragon. I don't know whether he's the number one man. That's what they say. But no, I've never met him, never had contact with him.

[Question] How long do you think ETA has left?

[Answer] I don't know. That is going to depend on many things, and it would be absurd to try and say how long.

[Question] Roman Sudupe said not long ago that ETA is the enemy of the Basque Country and of the PNV. Do you agree with this categorical assertion?

[Answer] I don't think that it's doing the Basque people any favor. It's not helping us at all to get over the economic crisis plaguing us, and from that standpoint, it is an enemy of the Basque people it claims it is defending.

[Question] Some Basque politicians have bodyguards because they are afraid of an ETA attack. Are you afraid of ETA?

[Answer] No.

[Question] Let's get back to the pact. Is it a first step towards what has often been said about the Basque people feeling comfortable as part of Spain?

[Answer] I have already said that things are the same, that nothing has been turned inside out. It is a starting point, and it has to demonstrate day after day that it works.

[Question] It is said to go beyond its principals and to have a very suspicious hidden section.

[Answer] The pact is what it is, nothing more. If it works, then we can take a look at other prospects.

[Question] But there is talk about hidden clauses and agreements.

[Answer] There aren't any. Although, of course, the parties to a pact talk about a lot of things, and not all of them are finally put in writing.

[Question] Couldn't you cite one of the things that have not been spelled out in the document?

[Answer] It's not a question of secrets. We have set forth our respective views and talked about a great many things, and we have narrowed the gap between us to put in writing what's there.

[Question] The agreement is supposed to extend to 1988, but couldn't the general election campaign next year scuttle it?

[Answer] Obviously there is a danger of that happening. I would ask that, although everyone in an election campaign has to go his own way, we all keep up appearances so that it doesn't fall through.

[Question] In your opinion, how long do you think it would have to last to be regarded as a success?

[Answer] The remaining 3 years of the legislature, in other words, the proposed life of the pact.

8743  
CSO: 3548/88

POLITICAL

SWEDEN

FOREIGN MINISTRY OFFICIAL SEES NEW READINESS TO IMPROVE USSR TIES

Stockholm DAGENS NYHETER in Swedish 22 Feb 85 p 6

[Article by Sven Svensson: "Openness Growing for Soviet Contacts"]

[Text] There is a readiness for an expanded exchange of visits at the top level between Sweden and the Soviet Union, but no planning is going on.

That is the situation since the head of the Political Division of the Foreign Ministry, Jan Eliasson met for a couple of days with the head of the Scandinavian Division of the Soviet Foreign Ministry, Georgiy Farafanov.

Certain expanded contacts have already taken place between Sweden and the Soviet Union. Foreign Trade Minister Mats Hellstrom recently came home from a visit to Moscow, and a Soviet minister of meat and food production will be in Sweden this week.

Furthermore, the first vice foreign minister of the Soviet Union and Gromyko's right-hand man Viktor Maltsev is invited to visit Sweden, but the time has not been set. Viktor Maltsev was previously Soviet Ambassador to Stockholm.

The Swedish-Soviet Joint Commission on Trade will meet in Moscow in May. Minister of Industry Thage G. Peterson is expected to accompany. The last meeting of the commission took place in Stockholm in March last year.

The situation is that there is an openness on the Swedish side for contacts on the government level, as well as between civil servants.

Foreign Minister Lennart Bodstrom has a standing invitation, and visits are even conceivable by Defense Minister Anders Thunborg and Prime Minister Olof Palme.

The last time Sweden and the Soviet Union exchanged visits at the head of government level was in the spring of 1976 when Olof Palme visited Moscow and Novosibirsk.

Informed sources told DAGENS NYHETER that no visits are excluded by the Swedish side. In accordance with Olof Palme's security policy speech to the Social Democratic Party Congress last fall, there is a readiness by Sweden to have conversations on various levels with the Soviet Union when they are needed.

The readiness exists, but no concrete planning has taken place in the offices of the prime minister, defense minister or foreign minister.

A basis of Swedish policy is to seek good and correct relations with the Soviet Union. When this will occur will depend on the Soviet Union. The conditions are respect for Swedish neutrality and territorial integrity.

This was emphasized by Mats Hellstrom and was reemphasized by Jan Eliasson in the conversation with Georgiy Farafanov, who seemed to accept the basis for a Swedish-Soviet exchange of visits.

The conversation with Georgiy Faranov was useful and the working atmosphere was good, commented Jan Eliasson.

9287  
CSO: 3650/183

POLITICAL

SWEDEN

FINNISH REPORTER GIVES VIEWS ON BODSTROM AFFAIR

Stockholm DAGENS NYHETER in Swedish 24 Feb 85 p 3

[Article by Rafael Paro, assistant chief editor of the Helsinki HUFVUDSTADSBLADET: "A Domestic Political Pirouette"]

[Text] The Bodstrom affair, votes of confidence in the Riksdag and the threat of burned bridges seem understandable only if looked at from the standpoint that the whole thing was a domestic political pirouette, and not a foreign policy tableau. That observation is made by Rafael Paro of the HUFVUDSTADSBLADET in Helsinki when he here, as an outside observer, gives his view of the Bodstrom affair.

As an outside observer during this decade one sometimes wonders if the rule that foreign policy comes before domestic politics applies in Sweden.

It is of course by no means evident that it applies in Sweden. It is a Finnish thesis which the old president, Johu Kusti Paasikivi pounded into our Finnish heads during the dangerous years following the second world war. "If our foreign relations are in order, we can handle the rest," he used to say.

One can ask, however, whether this rule does not have a certain universality. It is my opinion that small alliance-free and neutral states have reason to consider carefully the risks they are running when they let domestic political power struggles distort the judgements of the outside world of the credibility of the neutrality and freedom from alliances.

It seems to me that an allied, democratic and parliamentary country, even if it is small, can allow itself greater freedoms. Frisky capers by the allied colt are a privilege which can be utilized as long as general elections and other indications clearly indicate that the basic security policy solution--membership in the alliance--is firmly anchored in the popular majority.

To be specific: Norway and Denmark can use greater room to maneuver without the outside world wondering where they are going. The step out of the

alliance is such a big one that small shifts of opinion attract relatively little attention.

The situation is different for alliance-free and neutral countries such as Sweden and also Finland.

He who will hold fast to his neutrality is alone, but with maximum independence.

Austrian Rudolf Kirchschlager visited Helsinki in the beginning of the 70's, at the time when Finland was weighing between entering a free trade agreement with the EC, and abstaining.

During his visit Kirchschlager expressed several worthwhile principles: In order for a country to keep its neutrality it must be independent. Independence presumes a strong national economic basis.

This is something of antithesis to Paasikivi's thesis that foreign policy must come before domestic policy.

A mismanaged domestic policy can undermine the country's economy. A weak economy increases our international dependence. Increased dependence reduces our independence--and we no longer control all the factors which shape the course of our neutrality.

I wonder if the following questions have any relevance in the Swedish security policy debate:

Did the international recession weaken the Swedish economy in the 70's?

Did the tighter economic situation mean that the defense decision had to be shaped in accordance with it?

Were material purchases made with traditional Swedish freedom and self-sufficiency before an eventual crisis situation, or did you have to bargain for economic reasons?

Are the defense forces as convincing a component of Swedish security policy as they were 10-15 years ago?

Is confidence in the protection of Swedish neutrality in all circumstances unchanged?

It can not be especially difficult for public opinion in Sweden to agree on answers to these questions. I am tempted to say that the answers have been given, indirectly, during recent years.

Reactions to the submarine violations, economic reorganization with the devaluation of the Swedish krona and the unity which the Riksdag showed on

the defense appropriations--all these have been rather unambiguous signals.

It is clear that one can argue forever about how enough has been done, and soon enough. But that is still secondary.

In my opinion the essential thing is that the Swedish people showed a political will to pay the price demanded by freedom from alliances and neutrality. It is difficult to detect any serious signs of exhaustion from the challenges which neutrality has brought since the beginning of the 80's.

With this outlook toward what has happened in Sweden during recent years, it is difficult to understand the political debate which has arisen with the support of Foreign Minister Lennart Bodstrom during the past weeks.

One explanation may be that the Swedish mass media have a very strong and independent position. Many countries in the world have reason to envy the professional skill, integrity and resources with which Swedish journalists work.

But the hard competition between different newspapers and media organizations contributes not only to a rich multiplicity. In certain situations one also notices a flock mentality. One can even detect certain mannerisms when it comes to inflating so-called affairs.

There is always someone who is willing to cast the first stone. But the paradox of Swedish pluralism is that so many so quickly and uncritically are ready to follow the example.

The affairs develop quickly, effectively and in apparently great unity. As an interested outsider, one wonders if everything can always be so unbelievably clear as it seems.

It is obvious that the mass media can not lead the country's foreign policy. But still we know that emphasis on certain themes in the press, radio and TV can keep both the diplomats and the government rocking.

When we journalists reject accusations that we have started or inflated affairs, we prefer to say that we only get involved in the most flagrant cases, people must know when the nation's affairs are being mismanaged, etc.

The need for information and background information, "on the record" and "off the record" grows enormously, and we always run the risk that historians will one day confirm that we were manipulated and that we have misled our readers, listeners and viewers.

Then we will be forced to admit that we were merely reflecting something that took place in society, and that we were not there to make the decision.

The statements which Bodstrom made at the famous dinner with the six journalists could be interpreted as a certain correcting of the course of Swedish foreign policy. References to the effect that reports of submarine violations have reduced the government's foreign policy maneuvering room point in that direction.

But Bodstrom later said that he was not out to set a new course. He got the government behind him and a majority in the Riksdag gave him a vote of confidence.

Can a Riksdag majority be considered to be a reliable source concerning the direction of Swedish foreign policy?

If the Swedish people reject the Riksdag's interpretation of Bodstrom's actions, it will obviously be apparent in the fall election.

But it is also possible that the Riksdag will get a new majority for reasons other than foreign policy. Then how will the outside world interpret the signals?

Debates which are built on what people said but did not mean, or meant but did not say, can cause chasms of suspicion.

The Bodstrom affair, votes of confidence in the Riksdag and the threat of burned bridges seem understandable only if looked at from the standpoint that the whole thing was a domestic political pirouette, and not a foreign policy tableau.

9281  
CSO: 3650/183

POLITICAL

TURKEY

OZAL, HALEFOGLU ON 'BULGARIZATION,' THRACIAN TURKS, TERROR

Istanbul TERECUMAN in Turkish 15 Feb 85 p 10

[Text] Ankara (TERECUMAN) - Prime Minister Turgut Ozal, Foreign Minister Vahit Halefoglu and Minister of State Mesut Yilmaz have spoken about recent developments in Bulgaria. Prime Minister Ozal, answering reporters' questions after his weekly meeting with President Evren, said, "We believe the incidents in Bulgaria have reached dynamic, not static, proportions." He also said the gates may be opened to Bulgarian Turks.

#### Conveyed Anxieties

Foreign Minister Vahit Halefoglu, meanwhile, said the incidents in Bulgaria had been taken up at the highest level and the concerns had been conveyed to the Bulgarian authorities. Halefoglu stated that Turkey was also responsible for protecting the rights of the Turkish minority in Western Thrace. Then Minister of State Mesut Yilmaz announced that the Council of Ministers had discussed the events taking place in Bulgaria at its last meeting. Yilmaz said our Sofia ambassador had been summoned for consultations and had confirmed the reports reaching the government.

President Kenan Evren received Prime Minister Turgut Ozal at Cankaya at 1000 yesterday for their regular weekly meeting.

While talking to journalists after leaving Cankaya, the prime minister touched on the events in Bulgaria and said, "We believe the incidents in Bulgaria are not static, but have reached dynamic proportions." Ozal added that the gates may be opened for the Turks in Bulgaria.

In answer to reporters' questions about fictive experts, the prime minister said, "This sort of thing happens all over the world, but we do not relinquish the state's money for anybody." In connection with business rescue, he said:

"We do not approve the formula of taking every company by the hand and bailing it out. But, depending on the situation of the companies, debts to the state may be put on an installment basis."

## Question-Answer

In his statement upon leaving Cankaya, Prime Minister Ozal said he had discussed with President Evren domestic and foreign issues, security, government activities and economic topics. Ozal also said that certain articles of the law on tax rebates for wage earners had been amended at the Council of Ministers meeting night before last.

In answer to a question about discontinuing export incentives, Prime Minister Ozal said:

"There is no question of discontinuing export incentives. These incentives exist. The question here is one having to do rather with textiles. There are specific branches of textiles and these are matters having more to do with ready-to-wear. We have already reduced the tax rebates in textiles quite a bit."

## Details

In response to questions about the events taking place in Bulgaria, Ozal said that Turkey's ambassador to Sofia had been summoned to Ankara for consultations and had given President Evren detailed information on this matter. He said:

"We have no doubt that the events are taking place. But, unfortunately, we do not have definite information about the extent or size of them and whether people have died. The Bulgarians are not letting anyone into those areas in any way. Neither the Turkish nor the foreign press can go in. But we are assessing all of our intelligence information. We have been closely concerned with the problem from the beginning. It is our opinion, as we perceive the government's responsibility, that it would be better to find a solution to the problem through reasoned actions rather than impulsive actions. It is not a case of a static situation. We see it as an incident having dynamic dimensions. Our concern with our fellow Turks there is not just because they are ethnic Turks. They have hundreds of thousands of relatives living in Turkey. We have never been impulsive to this kind of relationship. Turkey will make every approach possible to resolve this problem in a rational way. We will not fail to take any measure deemed necessary or beneficial."

Asked whether there was a question of opening the gates, Ozal said, "That is also within possibility. I told the President all about it."

## We Summoned Ambassador

Minister of State and government spokesman Mesut Yilmaz announced that the incidents in Bulgaria had been taken up at the last Council of Ministers meeting. Yilmaz said that our Sofia ambassador had been summoned to Turkey in order "to get information."

In answer to a question, Yilmaz said, "Everything has been done up to this point as regards bilateral diplomatic initiatives. What initiatives outside of this might be is a matter now under review. The review is in progress with the minister of foreign affairs at the head. The results will be conveyed to a closed-door session of the General Assembly on Wednesday."

Yilmaz said, in answer to another question, "Information arriving from various sources confirms incidents of oppression. But there is conflicting information as to the dimension and scope. All information reaching us is being evaluated."

#### Halefoglu Comments

Hatay Nationalist Democracy Party deputy Murat Sokmenoglu submitted a written question about the Bulgarian incidents, which Foreign Minister Vahit Halefoglu answered in writing as follows:

"Reports have been forwarded to my ministry to the effect that ethnic Turks in Bulgaria have been subjected to intensive pressures recently to change their names to Bulgarian names.

"These reports appearing in our press and in the foreign press and certain complaints reaching my ministry indicate that many ethnic Turks have died in the ensuing incidents. However, my ministry has no official information to confirm these deaths.

"We have taken up the matter at the highest level, the necessary initiatives have been made, and the Bulgarian authorities have been informed of our concern over the reports."

#### Western Thrace

Foreign Minister Halefoglu said also that Turkey has responsibilities for ethnic Turks living in Western Thrace. In this regard, he said:

"As for the situation of the ethnic Turks in Greece, as known, Turkey as well as Greece has moral duties and responsibilities as regards protecting the rights of the Turkish minority in Western Thrace. In this framework, the necessary initiatives should, of course, be made by our government vis-a-vis the oppression inflicted on our West Thracian brothers, and these initiatives are being made."

#### Armenian Problem

Prime Minister Turgut Ozal, in answer to a reporter's question as to whether "Turkey's policy on the Armenian problem has been changed," gave this reply:

"Where are they getting this?

"What I said is very clear. I said, 'Don't use the term "Armenian terrorism," say ASALA [Secret Army for the Liberation of Armenia] terrorism or terrorism.' This is the expression I use most often. And there is a reason for this. There are about 150,000 Armenians living in the country. Are they all involved in terrorism?

"Think of it the other way around. You live in a country and you are a minority in that country. What if just one, or one or two Turks, were actually involved in terrorism, such as Agca, and it were called 'Turkish terrorism,' wouldn't all

of us be disturbed in that country? This is what I was trying to say. I made no comment otherwise to the effect that our position on the Armenian problem should change one way or another. All I said was, 'Say "ASALA terrorism." It would be to our benefit for our reporters to refrain as much as possible from using the expression "Armenian terrorism."' Otherwise, you get all Armenians against you. Call it ASALA terrorism, they are the ones doing it."

#### Amnesty

Ozal said in answer to another question that he had received Populist Party Chairman Necdet Calp's letter about the amnesty law, but had not discussed it with the President. Ozal said that Calp did not want those who had participated in incidents of anarchy to be included in the amnesty. The prime minister repeated that they were conducting a study on the subject of amnesty and that it may be possible in this study to include provisions allowing for reduced prison sentences for those who had participated in incidents of anarchy if they confessed their crimes and provided useful information to justice officials.

8349

CSO: 3554/88

MILITARY

DENMARK

DEFENSE MINISTER PLEDGES INCREASED SUPPORT FOR JOINT NATO PROJECTS

Copenhagen BERLINGSKE TIDENDE in Danish 20 Feb 85 p 8

[Article by Ole Dall: "Defense Minister: 'We Must not Belittle Defense Effort'"]

[Text] "It is important in the coming years that we make a greater effort to tell our allies how we utilize our defense budget," states Defense Minister Hans Engell (K [Conservative]) following discussions with NATO Chief of Staff Bernard Rogers.

"For a long time we Danes perhaps have been a little too willing to accept all the slaps in the face without making a point of all of the areas where we really are making an effort."

"We ourselves know what problems exist, but we should not therefore minimize the defense efforts which we really are making."

These were the comments of Defense Minister Hans Engell who just has returned home after a two-day meeting with Bernard Rogers, the top commander of NATO in Europe.

"That in which the allies are most interested is the issue concerning the ability of the Danish defense to sustain itself during a battle until reinforcements can arrive. Bernard Rogers pointed out that a country such as Denmark should be able to exert a greater defense effort," Hans Engell told BERLINGSKE TIDENDE.

"I clarified that the Danish defense should not be evaluated only in terms of the amount of kroner which we use. We get a lot for our money and with the wage and price control system which we have, we ensure more than other countries that we maintain the real value of our defense budget," the defense minister states, and continues:

"I also pointed out that we are very dependent on acquiring raw materials from other countries--particularly from the United States--and that the increasing dollar exchange rate has had the effect that new acquisitions are significantly more expensive for us than for those countries which themselves have an arms industry."

"I emphasized to Bernard Rogers that in the coming years, we will contribute significantly more to NATO's jointly-financed projects and the money for this will come from within the Danish defense budget."

The issue concerning the extent to which the level of Danish defenses limits the possibility for reinforcements from our allies during a war situation was addressed by the defense minister as follows:

"It is not completely clear that if we fail to maintain a proper Danish defensive effort that this can create problems in relation to reinforcements. But we are still a good bit away from the point where that situation arises."

12578

CSO: 3613/111

MILITARY

FEDERAL REPUBLIC OF GERMANY

#### OVERVIEW OF CIVIL DEFENSE RESOURCES, ORGANIZATION

Bonn LOYAL in German Jan 85 pp 9-12

[Article by Hilger Bohnen: "Helping, Protecting, Rescuing, Recovering--Civil Defense Today"]

[Text] In its issues of 1979 and 1980, LOYAL, in a series of articles, gave its readers details on the entire spectrum of civil defense--the second leg, supplementing the military, of the total defense plan of the FRG. In the current issue, journalist Dr Hilger Bohnen of Bonn reports on the status of civil defense today, 5 years later. The report gives an overview of the variegated and necessary preventive measures to be taken in a national defense emergency and at the same time shows what the state has done for this purpose.

#### Protective Shelter Construction

"The construction of protective shelters cannot be replaced by rescue measures, no matter how elaborate these may be." This accurate statement appears in a 1979 brochure of the Federal Ministry of the Interior. The Federal Government has developed a shelter construction program for the FRG since 1959. Part of this federal shelter construction program is the promotion of public shelter construction through the repair of air raid bunkers and air raid tunnels from World War II and helping to finance the construction of multipurpose facilities in underground parking lots, in subway stations, and subway rail sections.

Public shelters are intended for utilization by everyone.

Thanks to the subsidies, the additional costs of large protective shelters are generally covered.

In addition, the Federal Government promotes protective shelters in private dwellings by means of subsidies and tax deduction possibilities.

MILITARY

DENMARK

BRIEFS

NEW DEFENSE COUNCIL BACKED--Defense Minister Hans Engell yesterday received backing from the political parties supporting the defense compromise to establish a special advisory group which would analyze the possibilities for--and consequences of--adapting the new weapons technology in the Danish armed forces. "The group is to work toward our getting the most possible out of the defense appropriations by creating the best possible foundation for decision making by the political leaders. It is essential that the group have the opportunity to be objective and independent of both [existing] defense policy and party politics," said Engell. V. M. Guntelberg, a civil engineer and Commander of the Armed Forces Research Service, has been appointed chairman of the group. [Text] [Article by 'Marion'] [Copenhagen BERLINGSKE TIDENDE in Danish 26 Feb 85 p 2]

CSO: 3613/115

For protective shelters in private dwellings, the subsidies average 10 percent of the costs. The balance is generally fully deductible for tax purposes over a period of 10 years.

Because of the lost war, the chances of recovery for the shelter construction program were wasted. Subsequent budgetary constraints and not least the lack of public support are probably the reason that a protective shelter construction law--such as exists in Switzerland and recently in some parts of Austria--has never been passed, providing for building permits to be issued only for those new structures having shelters.

There are currently enough shelters for about 4 percent of the population of the FRG. This is by no means adequate. In view of what has happened to date, there should be no doubt that at the present time it is primarily up to each private citizen to concern himself with his shelter.

#### The Warning System

The Federal government began building up a countrywide warning system at an early date (1958). Ten warning centers were set up in protective shelters and a fine-meshed network of warning service measuring points with a total of 67,537 sirens was established.

A good 85 percent of the population in the FRG currently lives within earshot of the sirens.

For the past several years, the existing warning system is being modified through the installation of high-performance sirens operating independently of the public power net. This is to insure that the warning system will also function in case of radioactive contamination of large areas.

The siren warning system makes sense and is necessary despite the short missile approach times. The sirens must also still be functional when nuclear weapons have detonated and radioactive fallout is being driven at windspeed. For example, the radioactive fallout of a nuclear weapon explosion at an assumed wind speed of 35 km/h (Beaufort 5) would not reach city Y located 35 km away until 1 hour later.

#### Extract from the Federal Budget Drafts for Civil Defense, Individual Plan 3604

Purpose	in millions of DM			
	1982	1983	1984	1985
Refurbishing of existing and new construction of public shelters as well as acquisition of real estate for this purpose	29.00	30.70	30.70	31.50
Acquisition of equipment for public shelters	0.45	0.60	0.90	0.90

[Table continued from previous page]	1982	1983	1984	1985
Construction of public shelters in multipurpose structures	45.84	50.00	47.60	50.00
Subsidies for construction of shelters in residential buildings and schools	9.00	11.20	14.00	16.10
	84.29	92.50	93.20	98.50

#### Auxiliary Services Through Relief Organizations

A catastrophe remains a catastrophe, regardless whether it happens in peacetime or in a national defense emergency. Common to both is the inability of a large number of people to help themselves. These persons need special technical and sweeping assistance from the state.

For this reason the FRG has entrusted a considerable portion of assistance services during national defense emergencies to organizations charged with giving aid during catastrophes in peacetime (Workers' Samaritan League [Arbeiter-Samariter-Bund], the German Red Cross, the Order of St. John Accident Assistance Program [Johanniter-Unfall-Hilfe], the municipal fire departments, the assistance program of the Order of the Knights of Malta [Malteser-Hilfsdienst], and the Technical Aid Service [Technisches Hilfswerk]).

For the catastrophic protection that would be required in a national defense emergency, the state gives significant subsidies to these relief organizations for the purpose of building up their personnel and material assets. Almost 143,000 voluntary helpers of these relief organizations have thus far been trained at the cost of the government in the expanded services required in a national defense emergency (as of July 1982).

The following specialized services exist in the various relief organizations:

**Fire Protection Service**, with the organizational entities "rescue" team and "water" ["hose"] team. The former rescue persons, animals and material possessions when imperiled by fire, and the latter fight dangerous fires. The fire protection services are supported by the fire departments.

**ABC Service**. The ABC team detects hazards posed by atomic, biological and chemical agents. It decontaminates humans, materials and buildings, as well as foodstuffs. The ABC service is supported by the Technical Aid Service.

**Rescue Service**. The rescue team rescues persons, animals and property from perilous situations, fashions temporary evacuation routes and overpasses required for this purpose, and does light clearing work. The rescue service is supported by the Technical Aid Service and the fire departments.

**Repair Service.** In national defense emergencies, the repair teams are responsible for repairing utility lines (electric power and gas, water and oil facilities) and crucial plants. The repair service is supported by the Technical Aid Service.

**Medical Service.** The medical teams give first aid and medical treatment in the area of damage (dressing station teams). They also transport the sick (medical teams). The medical service is supported by the Workers' Samaritan League, the German Red Cross, and the Order of the Knights of Malta.

**Care Service.**

The care service cares for persons requiring help, becomes involved in their temporary lodging, and prepares drinking water. It is supported by the Workers' Samaritan League, the German Red Cross, and the Order of the Knights of Malta.

The planned team strength normally comprises 25 to 50 helpers and 5 to 10 special-purpose vehicles per unit.

**Specialized Services Available in the FRG, Including West Berlin (as of 31 December 1983)**

Specialized Service	Number of Units	Helpers
<b>Fire Protection Service</b>		
"Rescue" team	720	25,925
"Water" team	317	
<b>ABC Service</b>	244	10,248
<b>Rescue Service</b>	880	34,520
<b>Repair Service</b>	257	8,995
<b>Medical Service</b>		
Medical teams	699	28,482
Dressing station teams		
<b>Care Service</b>		
Care supervision team	206	6,004
Care team		

This overview shows, on the one hand, that in a national defense emergency the state has also made possible numerous assistance measures through the relief organizations. But it shows at the same time that effective help can be expected from the relief organizations only in the event the weapons employed have only limited local effectiveness. If the weapons effectiveness covers a number of areas or the entire country, which cannot

be ruled out in case of a war in which atomic and chemical weapons are used, the number of aid teams is too small to permit them to operate everywhere.

In addition, the effectiveness of the relief organizations will also be reduced by the fact that the helpers are not generally obligated to go into action in a national defense emergency. Their cooperation is voluntary in many cases.

Citizens would do well, therefore, with respect to the specialized services described above, not to overlook their own personal protective measures.

#### Health System

Because of the population density and the geographic location of the FRG, a large number of injured must be reckoned with in case of a national defense emergency. The Federal government has likewise recognized this special need for protection through the preparation of auxiliary hospitals with structural precautionary measures in buildings serving other purposes in peacetime (e.g. schools). It has also provided the auxiliary hospitals with equipment and increased the number of beds in existing hospitals. In the auxiliary hospital construction area, a total of 209 facilities with circa 81,000 beds were completed as of 31 December 1983. Currently under construction are 13 facilities with 5,500 beds.

Sizable Federal funds have also been spent for the stockpiling of medical supplies, particularly of medicaments and equipment needed by doctors, to care for more than 250,000 injured persons. The stored medical supplies are kept in a usable condition at all times through rotation [periodic recycling].

In summary, it can be stated that the Federal Government is making an effort to solve the health problems of the civilian population in a national defense emergency. But here too, as noted above, this health service can function only conditionally and in a limited area in a national defense emergency.

#### Securing the Water Supply

Along with the warning system, the emergency supply of drinking water is the most significant achievement of the Federal Government in the civil defense area.

More than 2,800 individual wells independent of the water supply network were built in the population concentration areas for the emergency supply of drinking water taken from ground water for circa 20 million inhabitants. In addition, the water supply lines are laid out in a close-meshed interconnecting system.

(The legal and especially the practical solutions of the emergency drinking water supply are dealt with in detail in the loose-leaf publication "Law on Adequate Water Supply," published by Dr Roeber, edited by graduate engineers Such and Hampel, Rehm publishing house, Munich.)

### Securing the Food Supply

The Law of Adequate Food Supply empowers compulsory deliveries of uncontaminated farm products for equitable distribution to the populace. In addition, the federal stockpile of food takes on special significance, since in a national defense emergency one must figure on a stop in food imports from abroad and above all on the loss of harvests covering large areas. The government has created a so-called civil defense reserve, in accordance with which the entire population can be provided with one hot meal a day for two weeks. The state food stockpile is not being enlarged at this time. The only thing being done is the replacement of older food supplies with new ones.

Also belonging to the state food stockpiling is the so-called market organization reserve. Based on the market organization laws, the state import and storage facilities stockpile food. The stockpiles are intended to insure the uniform supply of foodstuffs in peacetime and the maintenance of the desired farm product prices. The amounts stockpiled vary, sometimes considerably, depending on the harvest yeild and the time of year. Likewise available in wartime is a certain supply-on-hand potential of products of the agricultural and food industries.

Needless to say, the population is also called upon to keep a minimum of two weeks supply of emergency supplies on hand at home.

In addition, a stockpiling at the municipal level might be a sensible supplement.

### Securing of Transportation

In addition to military requirements, a certain amount of economic traffic will be unavoidable during a national defense emergency, not to mention the required feeder traffic for the suffering civilian populace. Accordingly, additional emergency harbors and substitute crossing points for waterways were built. And with the Traffic Insurance Law and the Federal Services Law, the legal basis was created for the use of private automobiles for civil defense purposes.

A sizable burden of the necessary traffic will be borne by the federal railroad system, which has acquired a good-sized stock of diesel locomotives so as to remain operational during power failures. Railroad replacement bridges were procured and critical spare parts stockpiled. In addition, various excursion cars were converted to hospital cars. Numerous railroad traffic control points were provided with structural protective measures.

### Communications System

In the area of communications, the federal postal system is responsible, during catastrophes and national defense emergencies, to assure the availability of communications links for civil defense, for supplying the populace, for maintaining state and government functions, and for the support of the armed forces. The federal postal system has in the meantime built close-meshed bypass and networking facilities. Fixed facilities of the communications network can in part be replaced by mobile communications facilities. In addition, the postal system has emergency power equipment.

Since 1955 the postal system has been constructing personal shelters, at first only in new structures, later in modified buildings and extensions as well.

12689  
CSO: 3620/254

MILITARY

FINLAND

AIR SURVEILLANCE ROUTINES DESCRIBED IN WAKE OF MISSILE INCIDENT

Helsinki UUSI SUOMI in Finnish 3 Feb 85 pp. 16-17

[Article: "Routine at Taivalkoski Radar Station; Target Behind Borders, This Is How Finland Guards Its Airspace"]

[Text] The Finns are now able to provide better surveillance of their airspace than ever before. New medium-range surveillance radar manufactured in Finland are given the credit for making surveillance more effective.

The pilots' only regret is that there are so few such radar units. There would still not be enough even if the number were increased significantly.

The decisive link in air surveillance is no longer a destroyer aircraft capable of flying at a speed of twice the speed of sound, but an effective radar system.

A pilot is not embarrassed by the fact that he and his aircraft capable of flying at a speed twice that of sound are not the most important element in the surveillance of Finnish airspace. An effective air surveillance is of decisive importance. It is a waste of time to publicize the number of aircraft if surveillance is not in order.

This is how Colonel Vaino Rajamaki, commander of the Lapland Flight Detachment, describes the relationship between radar surveillance and flight operations. He is a straightforward man who wonders why only crises are talked about in connection with military readiness. The threat of war is the right word in his opinion. A crisis can be anything, even a shortage of coffee cake.

Rajamaki is satisfied since the installation of the new medium-range radar system has finally been completed in the area of his flight detachment. The equipment and their operators are exceptional. But since there are only about 10 in the whole country, the number is too few. Even doubling the number would not be sufficient in Rajamaki's opinion. Nevertheless, pin money was not used in the construction of the new system. More than a half billion markkaa have been spent on this domestically manufactured system.

## Rovaniemi Did Not See Missile

There is a long-range radar system in operation on the area of every third flight detachment. The equipment packed in huge ball-shaped protective casings are beginning to be in need of renewal and underneath them there remains a lot of dead space. Thus the famous Lake Inari missile remained in the dead space under the long-range radar at a distance of 320 kilometers from Rovaniemi.

The medium-range radar fills the gap left by these dead zones. It has been touted as the answer in talking about an anti-cruise missile defense. Colonel Rajamaki only wonders why. With the help of a radar equation anyone can verify approximately what is seen with the new medium-range radar.

## Cruise Missiles Would Be Difficult

A cruise missile is seen with a specialized anti-aircraft radar, sensory surveillance, or with radar installed in an aircraft. But these methods are clearly outside the realm of Finland's economic capabilities. The well-known American-made Boeing E-3A AWACS aircraft, which can see cruise missiles and provide air surveillance from above, costs a billion and in order to operate it requires another billion in ground equipment.

Rajamaki, however, points out that it is not possible to rely on radar alone in an actual situation. If an international situation becomes strained to a sufficient degree, it can, for example, be reflected as interference on a radar screen. On the radar screen one can see either just gray or just about anything.

In a threat of war and during a war sensory surveillance is in practice the backbone of surveillance, which is supplemented by radar while the situation is exactly opposite in peacetime. During this time of current prevailing peace the Border Patrol takes care of sensory surveillance and this in addition to its own operations.

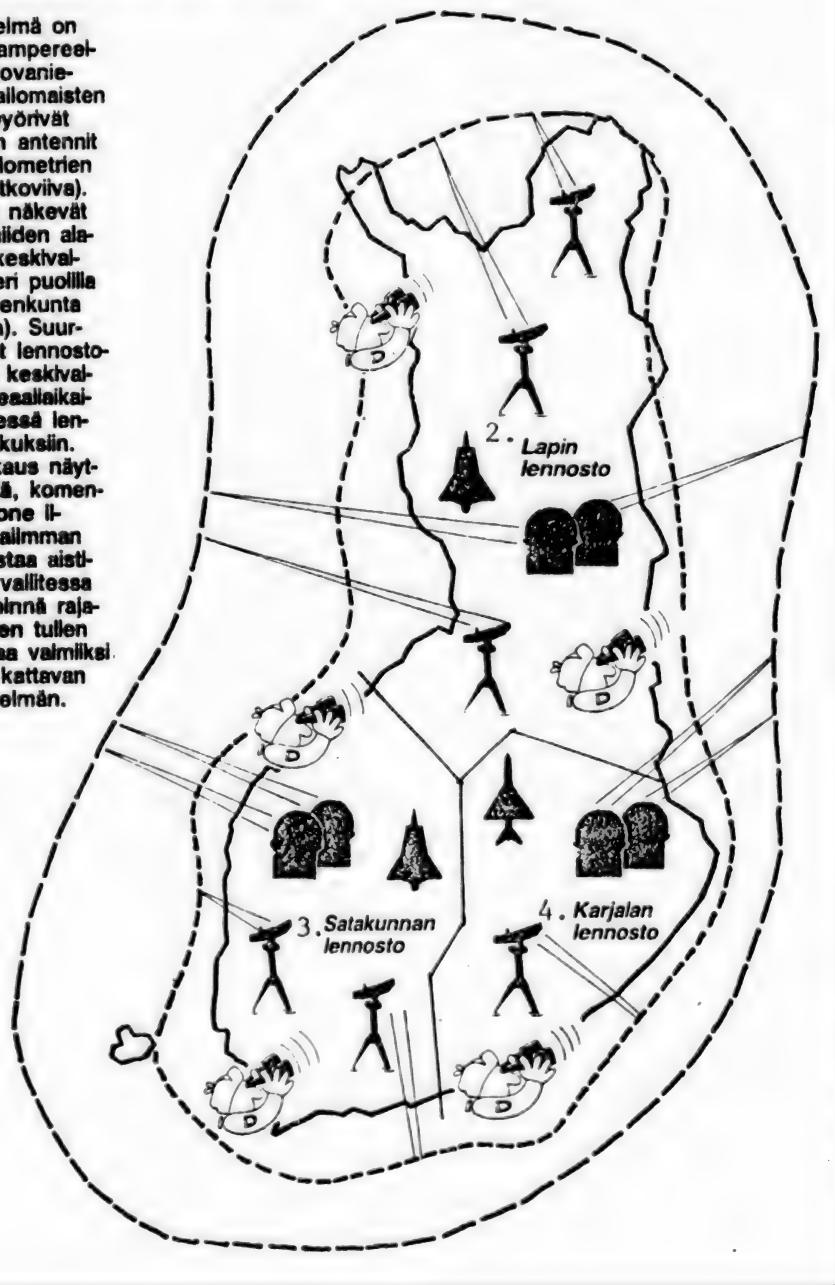
If needed, the sensory surveillance system can, indeed, be made even more extensive since reservists have also been trained for this exigency. Rajamaki says that there have been tests of the surveillance system even in the event of a cruise missile. The surveillance was, indeed, successful in an exercise in a limited area.

In a practical situation sensory surveillance means the deployment of air surveillance personnel in threatened areas. Men looking at the skies with binoculars are able to see at night also as long as they are provided with night vision equipment. Sensory surveillance equipment is not yet up to the latest standards, however, according to Colonel Rajamaki.

Even though the system seems to be primitive, a complete anti-aircraft defense can be directed with it along with the addition of communication links.

## 1. Ilmavalvonta toimii

Ilmavalvontajärjestelmä on kolminkertainen. Tampereella, Kuopiossa ja Rovaniemellä valkoisten pallomaisten suojuksen sisällä pyörivät suurkantamatutkien antennit näkevät satojen kilometrien päähän (ulompi katkoviiva). Suurkantamatutkut näkevät vain korkealle ja niiden alakatetta valvovat keskivalvontatutkut, joita eri puolilla Suomea on kymmenenkunta (sisempi katkoviiva). Suurkantamatutkut ovat lennoston jatko- ja keskivalvontatutkut ovat reaaliaikaisessa tietoyhteydessä lennostojen viestikeskuksiin. Jos ilmatilan loukkaus näyttää todennäköiseltä, komennetaan tunnistuskone ilmaan. Valvonnan aihman kerroksen muodostaa aistivalvonta. Rauhan vallitessa tehtävä kuuluu lähiinä rajavartioille. Tarpeen tullen ilmavoimat perustaa valmiiksi koulutetun maata kattavan aistivalvontajärjestelmän.



Key:

1. Operation of Air Surveillance	3. Satakunta Flight Detachment
2. Lapland Flight Detachment	4. Karelian Flight Detachment

[Text of Caption] The air surveillance system is a threefold system. The antennas of the long-range radar rotating inside of white globular protective casings in Tampere, Kuopio, and Rovaniemi see for hundreds of kilometers (outside broken line). The long-range radar can only see at high altitudes and

[continuation of caption to map] the blind zones under them are filled in by medium-range radar, of which there are about 10 in various parts of Finland (inside broken line). The long-range radar are located at the sites of the flight detachments and the medium-range radar are in a real time data connection with the communication centers of the flight detachments. If a violation of Finnish airspace seem probable, reconnaissance aircraft are alerted and scrambled. Sensory surveillance makes up the lowest stratum of surveillance. In peacetime this responsibility falls primarily to the Border Patrol. If necessary, the Air Force will set up a competent sensory surveillance system covering the country. [End of caption]

#### Visual Contact with Neighbors

One of the radar stations of the Lapland Flight Detachment is located in Tai-valkoski. The range of the new medium-range radar is hundreds of kilometers. Thus Corporal Tero Lepisto is able to observe a target over Sweden on the radar screen. Likewise, three targets heading in a northerly direction can be seen far over the Soviet Union. This is mere routine since the neighbors to the West as well as to the East are far from the national borders.

First Lieutenant Seppo Minkkinen, chief of the radar station, states that generally aircraft flying toward Finland turn away when the flight distance to the border is still 2--5 minutes. Or relatively far from the border since a military aircraft travels at a normal speed of 15--20 kilometers per minute.

But if the aircraft does not turn away, things begin to happen. The radar station is in constant direct contact with the communication center of the flight detachment in Rovaniemi. If a violation of airspace begins to seem possible, the radar picture is electronically transferred to Rovaniemi. This is also what happened in connection with the missile incident over Lake Inari.

If it appears that the oncoming aircraft may cross the border, a destroyer aircraft on emergency duty is commanded to be cockpit-ready. The pilot sits in the cockpit and the ground staff is in place. If the need arises, the destroyer roars into the sky within a couple minutes.

#### Pilot Receives Instructions from Ground

When the aircraft is in the air, the combat commander sitting by the radar screen assumes the primary role. Warrant Officer Reino Paavilainen directs the exercise in which a Draken from Rovaniemi is the target and another Draken is the interceptor. The aircraft fly in the directions stipulated by Paavilainen, and Paavilainen can see the movements on the radar screen.

As the exercise begins, it is possible to see on the screen how the interceptor approaches the target according to the commands of the combat commander. The interceptor cannot yet actually see the target itself since the range of the Draken's radar is about 10 kilometers. When the target appears on the interceptor's radar, the commands of the combat commander are no longer needed.

Thus the mission has been accomplished and a new exercise is begun. The movements are planned in such a way that the greatest number of exercises can be conducted with a single flight pattern. An attempt must be made to conserve fuel since flying a jet destroyer is very expensive. Tens of thousands of hours, says Rajamaki.

#### Radar on Single Shift Operation

In addition to insufficient placement of the radar, blind spots are also caused by the fact that the radar units do not operate 24 hours of the day. The equipment would remain in better condition if the antennas rotated 24 hours of the day. However, there is only enough personnel for single shift operations. A 24-hour duty day would require a tripling of the number of positions.

Indeed, the station can be operated for periods extending beyond the normal shift if the station chief living on the other side of the fence is at home. The radar will be in operation 5 minutes after an alarm, assures Station Chief Minkkinen.

On the radar screen an aircraft is only a blip of a flashing light as a beam of light rotates around the circular screen. To facilitate observation of the aircraft, a line emanating from the light blip to indicate the direction of movement remains on the screen. The size of the aircraft cannot be determined at the radar station on the basis of the blip, says First Lieutenant Minkkinen. At the most, this can be accomplished only when the radar is following two aircraft of different sizes flying near one another. If there is a need for a more accurate analysis of the observation, a radar picture is transmitted to the communication center.

#### Many Chances for Error

But the blip of light can also be a reflection of a hill, a smokestack of a factory, an island in the sea, a ship or the opposite shore, a flock of birds, a thunder cloud, a weather balloon, a powerful rain cloud, an active interference device, a passive interference device, or only an electrical disturbance in the radar system itself.

This is how Lieutenant General Rauno Merio, commander of the Air Force, described the difficulty of the work of a radar operator a couple weeks ago in the column he writes for KESKISUOMALAINEN.

For this reason one does not learn to become a radar operator quickly. True, a recruit is put in front of a radar screen after three and a half months. But he is never alone. If something even the slightest out of the ordinary occurs, the more experienced operator immediately assumes control of the situation, emphasizes Warrant Officer Paavilainen.

It takes 5 years before a man or a woman becomes a good radar operator, says First Lieutenant Minkkinen. Women become more proficient than the men. Even to the degree that two women can carry out the task of a combat director while

they are in front of the radar screen. What a wonderful thought for a person espousing equal rights! A pilot, a man among men operating an armed aircraft, the epitome of manhood, according to instructions given by a woman.

#### Radar Station As Rescuer

Sometimes a radar station can also perform rescue services. Twice last year radar operators at Taivalkoski found lost aircraft and guided them safely back to an airfield.

If there is a shortage of other targets, it is possible to follow the movements of migratory birds in the spring and fall. Of special interest are the whooper swans, which according to Warrant Office Paavilainen follow the same routes from year to year at least as accurately as Finnair. Colonel Rajamaki asks whether the radar station has received news of the letter in which Susi-Pulliainen thanks the radar operators of the flight detachment for their assistance in following the movements of migratory birds.

The return trip by helicopter from Taivalkoski to Rovaniemi turns out to be concrete proof of what Colonel Rajamaki said about the flight detachment's area of responsibility. The wilds of Lapland seem endless. All in all, the area covers 48 percent of Finland's total surface area. Only the area is sufficient, there is too little of everything else, radar as well as weather stations.

#### Few Reconnaissance Flights in Lapland

The Lapland Flight Detachment received plenty of publicity as a result of the fuss over the missile on Lake Inari. Rajamaki is a little annoyed by the criticism directed at the Air Force in connection with the missile incident. The missile was observed even though it remained in the dead space below Rovaniemi's long-range radar and almost remained in the dead space above the radar surveillance from Kaamanen. And the observations were reported without delay to Air Force headquarters as well as to the General Staff.

Otherwise, it is peaceful around the Lapland Flight Detachment, emphasizes Captain Pekka Alaraudanjoki. In this sense the most activity takes place in the area of Southwest Finland, which comes under the surveillance of the Satakunta Flight Detachment located in Tampere. The flight detachment's area is, however, subjected to enough problems that Drakens from the Lapland Flight Detachment and even Migs from the Karelian Flight Detachment have had to make reconnaissance flights there. However, Tampere will receive its own Drakens this year.

The traffic occurring above the international areas of the Baltic Sea is the primary factor for keeping the Satakunta Flight Detachment busy. When necessary, the Finns always fly out to greet the large four-engine aircraft of the air forces of various countries, which are filled with electronics and high-tech equipment. They observe the communications traffic of the Soviet Union and Sweden as well as Finland and measure the ranges and frequencies of radar.

The Finns make themselves known to their pilot colleagues and if necessary, they also photograph their aircraft. But the Finnish military is more discreet in this matter than the Swedes. Photos taken on reconnaissance flights have never been seen in public.

#### Target About To Cross Border, Sergeant-Major Karhu Conducts Missile Hunt

The target appears on the radar screen of the Kaamanen Radar Station at 14:35 on 28 December 1984. It is approaching the Finnish border in a direct east--west direction.

The radar operator follows the advancement of the blip for 3 minutes as the target continues directly toward the west. The radar station is in constant direct contact with the communications center of the Lapland Flight Detachment in Rovaniemi.

The information is transmitted orally and the picture on the radar screen is transmitted electronically. Rovaniemi now sees the same picture that is seen in Kaamanen.

An alarm goes off at the squadron. At 14:40 the loudspeaker and the telephone crackle in the number 1 ready room and in the mechanics' duty room of the destroyer squadron.

Sergeant-Major Jukka Karhu receives the alarm information while the mechanics are already running toward the ramp. Karhu grabs his flight helmet and life vest from the hook and races outside toward the Saab J-35S Draken interceptor waiting at a distance of 50 meters.

#### Loaded Artillery

The mechanics have already pneumatically loaded the artillery in the right wing of the aircraft. The 30-millimeter cartridge is in the bore and the ground starter cable is being attached when Karhu gets to the aircraft.

He walks around the Draken quickly and sees that everything is in order before he climbs the ladder and drops himself into the narrow cockpit.

By the time he is sitting and has strapped his feet to the ejection seat, 2 minutes have passed since the alarm was sounded.

Karhu buckles his waist and shoulder straps. They will keep him attached to the ejection seat and the parachute in case he has to jump. Then he must still tighten the straps to fit and connect the oxygen mask and radio communications unit.

The radar operators see the target continuing to approach the border at a speed slightly faster than sound.

Karhu goes through his check list very quickly. The current is on, the cockpit light is on, the brake parachute lever is ok, the landing gear is locked,

the radios are turned on, a quick check of the gauges, no incorrect readings, and the gyro horizon is balanced.

Then to the left side of the cockpit. The radio compass and navigational equipment, ILS and VOR, are in order. A quick oxygen test, the internal engine indicator is on, and the stall warning indicator and impact tube are engaged.

Thumbs Up: Start

Karhu looks down in the direction of the mechanics fussing with the ground starter. They have already anticipated the pilot's traditional signal.

The thumb of the right hand is raised: ready for start-up. Karhu pushes the button and the engine begins to turn. There is still a second to glance at the meters while simultaneously checking the temperature of the jet pipe and ascertaining that rotation speed is increasing in the correct proportion.

By the time the cockpit hood is closed, 5 minutes have passed since the alarm.

The radar is showing that the target is just about to cross the border unless it turns at the last minute. The target is approaching, at an altitude of 7000 meters.

The pilot must still make certain that the speed brakes are functioning, the automatic guidance system is in order, the g-uniform that is indispensable in tight movements is ok, and the oxygen system is working. Karhu tests the warning light panel and the fuel system. Then the radar and weapons system are engaged. The artillery gun is always loaded and missiles are mounted on an aircraft leaving for a reconnaissance flight.

No Warm-Up of Engines

The rotation speed of the engine has reached the point that the generator can be engaged. The jet engine does not need to be warmed up. The blocks are pulled away from the wheels and the Draken moves out.

The distance to the end of the runway is 2 kilometers and the taxi speed must be kept under 60 kilometers per hour because of slippery conditions. Another couple minutes and the brown and green terrain colored DK-203, which is sky blue on the bottom, turns at the end of the runway.

When the blip indicating the target crossed the mark showing the Finnish border on the radar screen, it also disappeared. In spite of repeated efforts, it was not found again.

The gas is open and the afterburner is on.

A loud noise and 5-meter long flame explode from the Draken's tail. Karhu sees the runway disappear into the fog. The clouds hang at a height of 60 meters and visibility is only 800 meters. So little that it is not possible

to return to Rovaniemi. But visibility is sufficient in Ivalo and it is in this direction that the aircraft will now fly.

The Draken's speed reaches 300 kilometers per hour in half a minute and Karhu pulls back on the control stick. The aircraft rises into the air, the landing gear is slammed inside, and the 15-ton Draken accumulates speed.

#### Start Takes 500 Liters

At the same time the needle on the fuel gauge leans alarmingly to the left. The start consumed 500 liters of kerosene, one-tenth of the Draken's fuel supply. Seven minutes have passed since Karhu answered the telephone in the duty room.

The residents of Rovaniemi do not pay any attention to the noise growing more distant toward the north. They do not know any more than Sergeant-Major Karhu the sensation this routine reconnaissance flight and its secret target will cause in a week's time.

Karhu receives an instruction from the combat commander sitting by the radar screen to rise to an altitude of 7000 meters and to conduct a search and a possible reconnaissance flight over the east end of Lake Inari.

The DK-203 is seen on the radar screen as a yellowish blip.

The blip that came from the east remains concealed.

#### A 53-Minute Mission

The radar screen at Kaamanen is just as empty as Karhu's own radar screen, as he examines it when approaching the target area after approximately 20 minutes. The Draken flies over the designated area a couple times, but the winter sky discloses nothing.

When Karhu informs Rovaniemi that he does not see anything, he is instructed to turn toward Ivalo at 15:28.

The clock shows 15:33 when the wheels of the DK-203 touch the asphalt of the Ivalo airfield.

Now 53 minutes have passed since the alarm was sounded in the destroyer squadron's number 1 duty room in Rovaniemi.

10576  
CSO: 3617/78

MILITARY

FINLAND

#### ARMY TO STRENGTHEN GUARDING AROUND FACILITIES

Helsinki HELSINGIN SANOMAT in Finnish 3 Feb 85 p 9

[Article: "Army to Make Guarding of Facilities More Effective"]

[Text] Guard duty will be made more effective in the defense forces by a detailed revision of guarding instruction, among other things, and by improving the training of guards and the selection of recruits suitable for this task.

A committee assigned to the defense forces for the revision of guarding procedures is conducting a detailed study of the weaponry provided for sentries. In some garrisons a nightstick has already been designated as a weapon for gate sentries. Also a sentry's ability to call for armed assistance has been improved. In addition, more than one guard is to be assigned to remote locations.

The committee appointed by Major General Erkki Rannikko, command chief of the General Staff, has received proposals for making guard duty more effective from the various branches of service and military districts. In some garrisons guard duty has already been made more effective by implementing measures connected with these proposals.

The right of a sentry armed with a rifle to use his weapon is also emphasized in the proposals. Such a sentry must not be approached too closely and his commands must be carried out.

All the branches of service and military districts propose that the salary of a paid sentry be increased. Also there is a need for more modern surveillance equipment.

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CSO: 3617/78

MILITARY

FINLAND

COAST GUARD TO BUILD LARGE REPAIR, SERVICE YARD ON WEST COAST

Helsinki HELSINGIN SANOMAT in Finnish 19 Jan 85 p 14

[Article: "A Large Dock for the Coast Guard at Virpiniemi in Haukipudas: Oulu Area Also to Receive a Modern Coast Guard Tower"]

[Text] Oulu (HS)--The coast guard will build a large service and repair dock in connection with the Virpiniemi coast-guard station located in Haukipudas. At the same time Virpiniemi will receive the "last word" in flight control towers, from where coast-guard watchers will be able to view all sea traffic near Oulu. The dock costing almost 8 million markkas and expansion of the coast-guard station will be completed in the Spring.

"The tower, almost 20 meters high, will reduce the need for patrols in the waters near Oulu, as one can see 17-20 kilometers from the tower. Up to now, the coast guard has been able to see only the coastal forest from its windows," reports commander Esa Salonsaari of the Gulf of Bothnia coast guard.

According to Salonsaari, modern watch towers improve surveillance of both the sea and the air noticeably. The coast guard watches traffic through Merekurkku, among other places, from a post located on Valassaari.

After Virpiniemi, it will be the turn of Kokkola's coast-guard station and command center with its tower and harbor for modernization. After that the focus of construction will be moved to southern Finland.

"The guards in northern and eastern Finland are already beginning to be in top condition, as three fourths of the border-guard construction sites have been achieved with funds for relieving unemployment. The cost estimate for the whole project is almost 20 million markkas.

"Construction of modern watch towers like the one at Virpiniemi is in the plans in connection with each coast-guard station along the Gulf of Finland. The towers will be built in connection with remodeling and expansion. We have smaller towers already at Pirttisaari and Santio, among other places," says commander Heimo Iivonen of the Gulf of Finland coast guard.

When it is finished, Virpiniemi will be the most modern watch tower, and from there all activity in the Oulu coast-guard area will be directed.

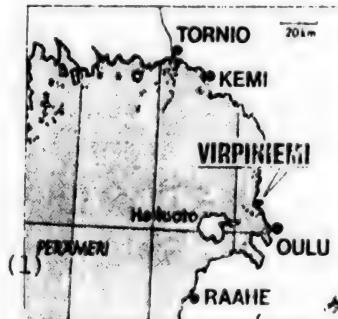
Surveillance of all borders of the Gulf of Bothnia as well as sea rescue is, in turn, directed from Vaasa, where the Gulf of Bothnia coast guard staff is located. The area's only helicopter is also there, and next year there will also be a open-sea boat for external guard work.

The coast guard's largest dock is being readied at Virpiniemi. It has long had a large dock at Santahamina in Helsinki. The new dock will be visited by all coast-guard and pilotage-district coastal boats and heavy pilot cutters sailing the Gulf of Bothnia. The dock is suitable both for painting ships' bottoms and for changing propellers.

#### Virpiniemi to Help in Holding Back Oil

The dock has dimensions such that barges up to 40 meters long and 20 meters wide can be floated into it. The dock was designed for the Hailuoto-type barges, which the TVH [Road and Water Administration] services and sometimes repairs at Virpiniemi. Up to now they have been serviced at the Wartsila Oy dock in Vaasa.

"Virpiniemi will operate on the common-dock principle, but its owner is the coast guard. Everyone takes care of his own ship," says Keijo Yli-Kyyny, chief of the Oulu coast-guard area.



Key:

- (1) Gulf of Bothnia

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CSO: 3617/55

MILITARY

FINLAND

BRIEFS

SUOMINEN COMMENTS ON DEFENSE COMMITTEE--In the opinion of Conservative Party Chairman Ilkka Suominen, the center parties should strive to reach a mutual understanding on the forms of the debate on security policy. According to Suominen, there should be a clarification of the conditions by which a solution can be achieved in the matter concerning a fourth parliamentary defense commission. Suominen spoke in Tampere at the Paasikivi Society on Wednesday. He believes that a mutual understanding can, perhaps, be easily reached on the stipulation that the mandate of a parliamentary defense commission not be limited to questions of defense appropriations, but it must debate the totality of our country's security policy and ensure for it the continuation of the broadest possible parliamentary support. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 7 Feb 85 p 10] 10576

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MILITARY

GREECE

NATO, U.S. ALLEGEDLY PLAN CRUISE MISSILE INSTALLATION

Athens RIZOSPASTIS in Greek 3 Feb 85 p 1

/Text/ The raising of the nuclear arms issue by the Greek Government is still of concern to the United States but without its changing the overall general picture of Greek-American relations that appear to be warming up. The many negotiations going on over pending bilateral issues do not appear to be influenced by the exchange of statements on the nuclear arms issue but are "on the proper path" according to the expression of one American official.

The following are to be found at the end of this path:

- A new cooperation agreement on air policy that is expected to be signed very soon and because of which Mr G. Kapsis postponed his trips to Spain and the United States.
- The renewal of the agreement for having the Voice of America station remain in Greece, with some "tradeoffs" which the Greek Government called for following the dropping of its goal for having the Voice of America installations removed.
- The completion of proceedings dealing with the revision of secret agreements and protocols.

The smoothing out of Greek-American relations will be crowned by the prime minister's trip to the United States where "most certainly" he will go "if I am invited," as Mr Papandreu has stated.

The endeavor to improve Greek-American relations has been clouded over by the stubborn demands by the United States to have Greece agree to prolonging the maintenance of American nuclear weapons on its territory. According to reliable information, behind this request is definitely hidden the endeavor to include Greece among those countries that will receive medium range nuclear missiles. Both NATO and the Pentagon are intending Cruise missiles for Greece that would constitute a link with other Cruise missiles at the NATO base in Comizo in Italy, within the context of the "Mediterranean defense line." In 1979, Greece had been excluded.

The decision for the "welcoming" of nuclear missiles came later in 1980 when NATO's chiefs decided that the installation of Cruise missiles in Greece too was indispensable for the proper operation of the new nuclear line in the Mediterranean that is based on AWACS --they have been described as the "eyes" of the Euro-missiles-- at the Trapadi base in Italy.

According to information, the U.S. demands were made known to the Greek prime minister by Casper Weinberger during their discussions at NATO summit meetings. Despite the fact that the Greek side has denied a "renewal" of American nuclear weapons, the United States does not hide the fact that it is linking some manifestation of its "understanding" of the Cyprus issue and the Greek-Turkish dispute to an approval of their demand for the installation of Euro-missiles.

Included in the U.S. pressures is the prospect for the installation of Pershing 2 missiles in Turkey. According to the same information, the relative negotiations have progressed to a great extent.

While the government confirms the existence of the American demand for a "renewal" of the nuclear weapons, it does not appear ready to move forward to carrying out self-imposed restrictions that it had undertaken for their removal. To the contrary, the reference to the issue in the proceedings for the denuclearization of the Balkans leads to an indefinite extension of the maintenance of nuclear weapons in Greece, something that facilitates the exertion of pressure by the United States to have their increased demands accepted.

5671  
CSO: 3521/183

MILITARY

GREECE

ARMED FORCES REPORTEDLY INFILTRATED BY MARXISM

Athens AKROPOLIS in Greek 3 Feb 85 p 4

/Article by A. Balkos, deputy, retired lieutenant general/

/Excerpts/ The proclaimed KKE position is well-known: Since we are in NATO, the Warsaw Pact's opponent, may the armed forces of our country be dissolved! It is of no importance to them that NATO is a purely defensive agreement --while the Warsaw Pact is a clearly offensive one, what with its overwhelming superiority in both nuclear and conventional weapons that are useless for defense. They are also not concerned that we are also confronting other opponents, namely the Turks.

In accordance with this "idea" of theirs, the KKE votes down the armed forces budget in the Chamber of Deputies. They are also opposed to every measure that would improve their capability, such as the "purchase of the century" --or it suggests that it be made from Sweden that entails Soviet control over spare parts and ammunition. It disagrees with the induction of 5,000 "volunteers" who are needed because of the high technological demands of modern weapons systems. On the other hand, the KKE (and most of the remaining Marxist forces) embrace every measure that would weaken our armed forces. And, indirectly, it would be pro-Warsaw Pact. For example, it is involved --under the discreet guidance of the KGB-- in various peace movements, in propaganda allegedly to prevent wars, but, in reality, it is in favor of our unilateral disarmament.

At the same time, it is promoting indiscipline in the armed forces, setting up both inside and outside of them the well-known "democratization committees," "justice committees," etc. for conscripted soldiers. These committees proclaim that "the soldiers are civilians in uniform" and they cultivate ideas that are detrimental to the military. They also are active outside the military --that is in areas not controlled by its command-- holding "public discussions" and their committeemen developing their "views" even to members of the government, such as Mr Laliotis just recently.

Of course, any such endeavor by the Marxists would have been condemned to failure in advance if --probably for reasons of internal party handling of affairs (including the fact that Mr Papandreu had not been in the military in Greece and also not really knowing Greek military psychology)-- it had not been accepted by PASOK and if it was not encouraged.

They are further reinforced by other actions by PASOK that aim at, as it is being said, maintaining the internal links of the movement and the maintenance of the group of their Marxists.

Such actions also weaken our armed forces even more. For example, (a) by their agreeing to the Marxists' demands that "Memorial Day" be abolished --without prohibiting celebrations by the other side; (b) the implementation of the new military code with its anti-military "freedoms"; (c) the establishment of paramilitary organizations --while the TEA /National Defense Battalions/ have been dissolved-- such as the "all people's defense," the February 1983 "maneuvers," the "Xenokratis," etc.; (d) party promotions and assignments in the armed forces leadership; (e) the "anti-war" series over ERT /Greek Radio and Television/ that are nothing other than propaganda undermining the militancy of our people, etc.

As if this were not enough, the very serious expressions and actions by our prime minister (and the Marxist wing of his party) on our armed forces give us cause to ponder and create in us justified doubts. Witness the following: (a) his well-known statements in 1974 over the manner of the called for non-parliamentary imposition of socialism; (b) his statements at the 15th PASOK Central Committee Assembly (19 January 1985) according to which he called for "structural changes" in our society over the next 4 years; (c) his attempt to impose control over the security corps through plans having disintegrative effects; (d) the "friendships" of his party with terrorist circles; (e) the fact that KGB agents have not been expelled --only our country-- from eastern bloc embassies; (f) the establishment of well-known "anti-rightist" committees; (g) the gestures of "understanding" to leftist dictatorships throughout the world, etc.

All of the above --both in and out of the armed forces-- have unquestionably ended up in substantial gains for Marxists in their attempt to indirectly disarm us. Although it is not certain that our armed forces continue to be described as excellent --thanks to their capable cadres and the marvelous Greek manpower-- it is also certain that with the weakening of our allies, with the precedent of the armament of Turkey that has already acquired and is all the more improving its air superiority in the Aegean, with discipline in the armed forces continually and systematically diminishing, with all of the above, it is certain that sooner or later we will be called on to pay the price in this sector too for PASOK's election.

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CSO: 3521/183

MILITARY

GREECE

ALLEGED RISE IN MIRAGE COST

Athens MESIMVRINI in Greek 5 Feb 85 p 3

/Article by Mik. Kanimas/

/Text/ According to reliable information, the government has reportedly concluded only three of the total of seven contracts that relate to the "purchase of the century." These contracts are with the American firm General Dynamics that builds the F-16 aircraft.

Nevertheless, negotiations are continuing through direct discussions between Greek officials and the aircraft manufacturers.

According to the same information, American officers had proposed to the Greek Government the incorporation of the order of 60 F-16 aircraft into a connected order to the company so as to decrease the account, but the Greek side rejected the proposal.

Other information relates that France increased by 18 million dollars the cost of 40 Mirage aircraft that Greece intends to purchase.

Military circles, without underrating the advantages of the Mirage, note that this type of aircraft has a high maintenance cost, something that in their opinion should have constituted an argument to bring about a change in their cost price.

Indeed, to strengthen their argument they mention the case of Israel that built a factory for Mirage spare parts.

According to other information, the amount derived from American aid to be kept aside to be used for the purchase of the century comes to 1,100 million dollars.

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CSO: 3521/183

19 March 1985

MILITARY

NORWAY

## REPORTS ON NATO WINTER EXERCISES

## UK Royal Marines Contingent

Oslo AFTENPOSTEN in Norwegian 7 Feb 85 p 64

[Article by Liv Hegna]

[Text] Gjendesheim, 6 January--Bathing in ice water with skis, a pack on your back, and gun at your shoulder may frighten some, but not the Royal Marines! Two battalions are now completing their basic training under winter conditions. Tomorrow they will begin an advanced course in warfare under arctic conditions. Their training will end with the Cold Winter exercises, which are to be held this March at Indre Troms along with Norwegian soldiers. The company that is stationed here at Gjendesheim believes that a practical exercise in ice bathing is a good conclusion to the first part of their training.

It is not known for sure whether it was a sporting attitude toward the physical challenges or the glass of genuine Navy Rum afterward that prompted the 60 men from M Company to take a dip in the icy waters of Gjende. In any event, Sgt Roy Bennett had no problem working up his courage. A hole was blown in the ice. Everyone had to go in. Some "bellyflopplers" were observed, but there were many elegant swan dives. Others simply jumped into the cold water. Strict safety measures were taken: everyone tied a line around his body and everyone was taken for a drink and a chance to change out of their cold, wet clothing. The floor soon looked like a small swimming pool. The officers stood by with buckets and rags. "We do not want to destroy any of the fine facilities here. We are extremely pleased with the quarters and would like to come back again."

In addition to the 60 men from the Royal Marines, the cook they had brought along from the British navy had to prove himself: Pvt Jan Nott lost his sailor's cap as he jumped into the water, but he managed to pull himself out with the help of a ski pole, like all the others. Bennett must have believed he needed some extra instructions and called: "Remember to throw your pack onto solid ice. That is where you have your warm clothing. Take off your skis and pull yourself up. The skis float and you can find them once you are safely up." Nott was greeted with a cheer when he came out.

AFTENPOSTEN turned to the company doctor who followed these events closely: "Tell the truth now, is this not a bit too much stress on their bodies?" Doc Andy Neives answered: "It is rough, but it is necessary for this type of training. The boys will gain confidence. They will discover that it is possible to save their lives if the ice gives way underfoot."

Our photographer heard that the boys liked layer cake and brought one along as a prize for the best performance. Pvt Steve Harrison was the winner. His comrades amused themselves by pushing it into his face: "Well done, buddy. Get up to the house and get some warmth back in you," Bennett said.

After the "swim" in the Cjende, the boys had a written exam. According to the officers, everyone passed with flying colors. The company commander, Capt Robert Fulton, said, "We must know that everyone has the necessary knowledge of first aid and knows what to do if caught in an avalanche or subjected to frostbite. In addition, they must know how their weapons operate under arctic conditions. We also have questions on skiing technique."

The battalion leadership is located down in Lom. The battalion chief, Lt Col Rupert van der Horst, said that some of the Royal Marines had been in Norway and practiced arctic warfare in North Norway previously. But this is only the third time they have trained in Gudbrandsdalen and Jotunheimen. "At first, we were a foreign element in the village, but now we are on the best possible terms with the local people. We try to help as much as we can. Recently our engineers were asked to tear down an old school building after a new one had been built. That was good training for us and useful to the people here. It is nice to be able to help," van der Horst said.

Does the battalion leadership participate in local folk dances and other events?

"Not yet," he answered. The gleam in his eye indicated that van der Horst would like to give it a try.

Although the Royal Marines also train elsewhere in the world, winter training in Norway is extremely valuable, according to him. "The fact that we spend 10 weeks here every year and practically tailor our equipment to the demands of warfare under arctic conditions reflects the probability that we would be put into combat on the norther flank if war should break out. It should also be remembered that we are developing a certain loyalty to the country we are training in for so much time. The defense of Norway is also a defense of Great Britain," he said. No one at the battalion headquarters knows exactly how much Great Britain invests in winter training in Norway.

"But we believe that this money is well spent," Lt Col Rupert van der Horst said.

Commander Explains Goals

Oslo AFTENPOSTEN in Norwegian 7 Feb 85 p 26

[Article by Liv Hegna]

[Text] Over 5,000 NATO soldiers are now on winter maneuvers in Norway. This will cost the Norwegian military almost 10 million kroner. "It is Norway's responsibility to contribute with support functions for ground troops training in Norway," the chief of the Operational Staff of the Supreme Military Command, Rear Adm Sivert Farstad, told AFTENPOSTEN. All air force squadrons that are to use the eight air bases included in the COB agreement in Norway on a frequent basis are participating in exercises, in addition to army forces from the United States, Canada, Great Britain, and the Netherlands.

Rear Admiral Farstad stressed that air force units generally bring with them all the material and ground personnel they need. According to the bilateral COB agreement between the United States and Norway, Norway is obliged to maintain fuel stockpiles.

Most of the air force units are from the United States. Several of these squadrons belong to the Air National Guard, which consists of reserve personnel. The air force squadron that will be based in Flesland, for example, is from a town in Utah in the United States. The pilots are not regular employees of the United States Air Force, but they are extremely experienced pilots.

The air force reinforcements in the British units that would be used in Norway, on the other hand, are air force officers that are activated at all times. There are fewer of them, however.

Rear Adm Sivert Farstad said that the British ground forces comprised somewhat more than three battalions. Two of them are included in the British-Dutch command brigade, but one British battalion is part of the so-called NATO "Fire Fighters," or AMF forces. Eight nations contribute troops to the Fire Fighters, which can be used on either the southern or northern flank, wherever they are needed. The idea is for these forces to be present before war breaks out, thereby increasing the deterrent effect in case of a possible attack against a NATO nation or all the NATO nations.

One British battalion is training in Gudbrandsdalen, with brigade headquarters in Lillehammer. Another battalion is training in North Norway in Bjerkevik. The Netherlanders are training in Mosjoen. Their winter training is severe, but they are also able to practice their Norwegian. The Netherlanders study Norwegian at home before their winter training in Norway.

Canadians are also training in Norway, so far at the battalion level. But there are plans for prestockage of materiel for parts of the so-called CAST brigade (Canadian Air and Sea Transported Brigade). These troops are actually the only ones that are earmarked exclusively for use in Norway. Farstad said that, if prestockage of materiel is provided for this brigade, the brigade is more likely to come to Norway, since transport across the Atlantic would then

be much easier.

For the same reason, Farstad believes that the 4th MAB (a marine brigade from the United States) will come to Norway. Equipment for the 4th MAB is already stored in Trondelag. One of the important elements of the Express maneuvers in 1984 was to transport this materiel from Trondelag to North Norway. Apart from support personnel, the entire 4th MAB exercised in Norway in 1984.

Why were support personnel not included?

The Americans have an enormous apparatus for fighting over a long period of time. It would have cost too much to use this apparatus in Norway during the Express exercises. In addition, it would have been useless to use a brief and hectic winter exercise such as Express to train units that are designed for long-term combat conditions, according to Rear Adm Sivert Farstad.

#### Training Needed for Reinforcement

Oslo AFTENPOSTEN in Norwegian 9 Feb 85 p 10

[Article by Liv Hegna]

[Text] The credibility of reinforcements for Norway requires that the reinforcements train and exercise here, that the equipment they need be in place, and that the Norwegian military have organized sufficient support functions. We estimate that Norway must supply about 10 percent of the forces that come as reinforcements if the NATO soldiers are to fight effectively," the chief of the Operational Staff of the Supreme Military Command, Rear Adm Sivert Farstad, told AFTENPOSTEN.

When asked what requirements must be met for those countries that plan to send reinforcements to Norway to actually send them, Farstad answered that Norway must have a certain military capacity so that reinforcements could be sent to the northern flank.

The political will is also needed. As an example, the British must realize that it is in their own interest to send their troops to fight in Norway. They must believe that it is important for the defense of their own country. If the British authorities believe that it is more important to use their troops elsewhere, Norway will not benefit directly from this contribution, according to Farstad.

While the British have forces stationed permanently in West Germany, for example, they are in Norway only 3 months of the year. It seems clear, however, that their training in Norway has given them considerable knowledge of how to survive and find the strength to continue fighting, even under Norwegian conditions and in Norwegian terrain.

Rear Adm Sivert Farstad pointed out that, with regard to reinforcements, it is easy to forget what is going on off our shores: "Norway has reinforcement

agreements with naval air units of the Atlantic Command (SACLANT). Its ability to control the waters around us may be the decisive factor in the defense of Norway. When we talk about reinforcements for Norway, we often forget what is happening out in the ocean around us. In this connection, there is no need for prestockage agreements, but the ability of the Atlantic Command to wage an effective battle will be of great significance to Norwegian defense planning," Rear Admiral Farstad said.

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MILITARY

NORWAY

FUNDS PRIORITY FOR INCREASING ANTISUB CAPABILITY OF FRIGATES

Oslo AFTENPOSTEN in Norwegian 20 Feb 85 p 52

[Article by Liv Hegna: "ASW Ability Intensified"]

[Text] Nearly 400 million kroner has been set aside to enable our 5 frigates better to meet the submarine threat in Norwegian waters. "I would warn against too great hopes when it comes to discovering foreign submarines lying deep and quiet on the bottom of a fjord in peace-time. The moment it gets underway and goes to attack, we will immediately carry out the detection program, and detect it with the new and improved sonar equipment," said the commander of the frigate "KNM Oslo", navy Commander Jacob Borresen to AFTENPOSTEN.

In the next few years the five Norwegian frigates will be equipped with improved sonars, and so-called variable depth sonars will be attached to the hulls. The agreement has still not been finalized for the latter. The competition is between a French and a Canadian firm. The money is on the table, however, and in the Defense Department AFTENPOSTEN was informed that the contracts will be signed within weeks.

Commander Jacob Borresen said that the two types of sonar will complement each other. He said that a still better solution would have been if the Defense Department had been able to afford to mount the variable depth sonars on helicopters. Placing this detection equipment on board the frigates increases their antisubmarine capabilities considerably.

"It is now important for the navy to develop new tactics for the use of the new detection systems," said Borresen.

Antisubmarine warfare is a conflict of exhaustion, according to Commander Borresen. The frigate is equipped with antiaircraft weapons including Sea Sparrow, which is however beginning to get old. Norway has not participated in the modernization program for these weapons which has taken place in all the other NATO countries which have Sea Sparrow. The frigates also have

some old guns which, according to Borresen have a fire control system which is so antique that spare parts must be bought in East Europe. "Such antiquated technology is no longer available in the West," he said.

The main weapons aboard the frigates are Penguin missiles, Terne missiles and torpedoes which are used against enemy submarines. The probability of hits with the torpedoes is more than 50 percent when one considers the type of submarine the Russians can imagine sending into the Norwegian fjords and in the vicinity of our coast. As for the Terne missiles, the probability of hits is "very good" according to Borresen, even though he said that they should have longer range in order to "match" the new sonar systems.

Also the commander emphasized that there is very good and close cooperation with the maritime patrol aircraft which search for submarines in Norway, West Germany, Netherlands and Great Britain. During the cruise when AFTENPOSTEN was aboard, West German aircraft of the "Atlantic" type operated with "KNM Oslo" and "KNM Aeger."

9287  
CSO: 3639/83

MILITARY

NORWAY

AIR FORCE PILOT COMMENTS ON PERSONNEL LOSSES TO AIRLINES

Oslo AFTENPOSTEN in Norwegian 20 Feb 85 p 16

[Article by Lieutenant Colonel Th. Spiel, Baerum: "Military Fliers and Civil Aviation"]

[Text] The Defense Department has recently entered a critical pilot situation. As is known, the air force is the most important recruiting source for civil aviation, and variations in the needs of the aviation companies therefor have direct consequences for the air force. Of course military pilots have eight years of obligated service, but when this obligated service is over the pilots are free to leave the air force. By that time they have attained the optimal experience and readiness. The result can be that the entire leadership level in the squadrons quite simply disappears. Their departure therefor results not only in a manning problem, although that is serious enough, but it also has serious consequences for aviation safety and operational readiness. In practice the squadrons will not be able to carry out their operational tasks, and must therefor be placed in training status.

Furthermore the many departures in sight will make it impossible to cover the need for pilots in other service and leadership functions in staffs and in the operational command and leadership apparatus. In other words, the loss of pilots can undermine the air force's ability and possibility to function as an organization, and will result in aircraft and equipment worth billions remaining idle.

Another factor is that the education, training and exercising of the individual flier is very expensive, and the Defense Department invests a significant number of millions of kroner in order to qualify him as highly as possible. This investment also includes leadership training and special education. This investment is lost to the Defense Department when an aviation trained officer departs. On the other hand the civil aviation companies are profiting from the arrangement, and their tasks can be limited to adapting the pilots to the companies' aircraft types and operational routines.

Since the air force neither can nor is supposed to cover the needs of civil aviation for fliers, a competitive situation arises. In this competition the

civil aviation companies generally win because they can offer better economic terms and better conditions of service. If the Defense Department could offer similar terms and conditions, perhaps the problem could be solved. In that case civil aviation would have to cover their need for fliers in some other way than by recruiting from the air force. It is, however, very unlikely that the economic conditions and terms of service in the air force will be comparable with those of the aviation companies, and it is therefore also unlikely that the aviation companies will take any action to cover their need for pilots from other sources.

The current practice can not, however, continue; in other words pilots must be trained via the civil route to cover the needs of civil aviation. There has long been a departmental committee report on this issue. The time now seems more than ripe to blow the dust off of the papers, and see to it that the problem gets solved.

9287  
CSO: 3639/83

MILITARY

NORWAY

BRIEFS

PLANS FOR BRIGADE 90--Harstad, 6 February--The infantry battalion at Setermoen will be dismantled and replaced with an armored battalion within 3 years. This change is part of the plans for Brigade 90. The military also wants to invest 80 million kroner in new construction, according to undersecretary Oddmund Hammerstad, who spoke Tuesday evening in Bardu. There will be about the same number of jobs at the military unit in Indre Troms. "The officers will be younger and there will be more armored and tracked vehicles in the streets but, in general, the civilian population will notice no difference," Hammerstad said. [Text] [Oslo AFTENPOSTEN in Norwegian 7 Feb 85 p 26] 9336

CSO: 3639/73

MILITARY

SPAIN

#### MILITARY CHANGES EXPECTED FOR 1985

Madrid EL ALCAZAR in Spanish 25 Jan 85 p 9

[Text] The year 1985 will be one of special significance for the Armed Forces, because far-reaching readjustments will take place, both at the high level of military commands and in the geographical and unit distribution. While several commanders-in-chief of the three branches of service will join the reserves, together with other leading commanders, different land Army units, including a complete brigade of the Armored Division, will go out of existence, and the strengthening of the southern region will begin.

According to a report from the Ministry of Defense, quoted by EUROPA PRESS, six land Army lieutenants general, one admiral and three Air Force lieutenants general are to be transferred to scale B this year.

The change in commands may be more drastic, because the recent law passed by the government to extend the tour of duty of the members of the JUJEM [Joint Chiefs of Staff] has reduced still further the expectations of promotions and assignments to the high military echelons, causing uneasiness among the generals. Added to this is the fact that there has also been an extension of the tour of duty of Lt Gen Saenz de Santa Maria as head of the Civil Guard. On 15 January, the Army chief of staff, Lt Gen Saenz de Tejada, was due to enter the reserves; and on 21 February, Adm Liberal Lucini, defense chief of staff, must do so.

The commanders-in-chief who are transferred to scale B are: Vicente Izquierdo (Sixth Region), on 28 March; Vallespin Gonzalez-Valdes (Third Region), 28 May; and Perez Inigo (Canaries), 12 September.

Also leaving the branch's command will be land Army Lts Gen Cano Hevia, director of the Army's Higher School, on 1 June; and Castillo del Rio, chairman of the Supreme Council of Military Justice, on 17 October.

As for other land Army generals, among those with division rank, the inspector of the National Police, Alcala Galiano, and the artillery chief of the Army, Pontijas de Diego, will enter the active reserve.

In the Navy, joining the reserves will be the present commander-in-chief of the Cantabrico Zone, Adm Contreras Franco, on 5 November; and Vice Adm Alvarez

Maldonado-Rueda, director of military naval construction. In the Air Force, the chief of the combat air command and commander-in-chief of the First Air Region, Lt Gen Vara del Rey y Teus, will do so on 3 March; and the chief of the transport air command and Third Air Region, Lt Gen Juarez Redondo, on 18 June.

#### Restructuring of Units

Insofar as the geographical and unit reorganization this year is concerned, the 11th Mechanized Infantry Brigade, one of those of the "Brunete" Armored Division, will be dissolved. Concurrently, a new brigade will be created in Badajoz, a province that has been made subordinate to the Central Region (Madrid), which will also be the 11th Region of the DAC [Central Armored Division]. The Wad-Ras Regiment, one of those comprising this brigade, will be transferred to the province of Cordoba, where a large new unit will be created.

It will be the Southern Military Region (a combination of the former Granada and Sevilla ones), precisely, that will undergo the most changes this year, and will be the one most reinforced in the META plan.

This year, two regular groups will be withdrawn from Ceuta and Melilla (subordinate to this region), with a single group of these regular forces left in each one of the districts.

The No 2 "Guzman del Bueno" Motorized Division will be converted into the principal Spanish unit, because of its personnel, having three brigades (the others have only two). The command of the division, in an attempt to counter the uneasiness created by the disappearance of the commander-in-chief's position, will be located in Granada.

The 21st Brigade will be in the former CIR of Cerromuriano, in Cordoba. It will be virtually newly created. The 22d Brigade will be in Campo de Gibraltar, while the 23d, both mechanized, will be stationed in Almeria, formed from the present Reserve Infantry Brigade. Also to be intensified will be the presence of artillery units in the Gibraltar area.

2909  
CSO: 3548/85

MILITARY

SPAIN

ARMS MAY BE SOLD TO ALGERIA DESPITE POLICY OF EQUILIBRIUM

Madrid EL PAIS in Spanish 30 Jan 85 p 11

[Text] Madrid--According to Spanish diplomatic sources, the solution to the dispute between Spain and Algeria involving the supply of natural gas will pave the way for cooperation in the military area and, specifically, for the sale of Spanish weapons to Algeria. Algerian diplomatic sources, for their part, have expressed great optimism concerning a possible compromise, "within a few weeks," in the commercial conflict that broke out between Spain and Algeria over the contract signed by both countries in 1975 for the gas supply.

The solutions discussed for payment of the compensation demanded by Algeria for the gas which Spain, in violation of the 1975 agreement, failed to purchase from that country, representing \$800 million (about 140 billion pesetas), include the possibility of Spain's paying in weapons and other types of commodities part of the amount that is agreed upon when a compromise is reached.

A Spanish commercial mission (including several members of the military) already visited Algiers early last summer, among other reasons, to propose the sale of arms. The dispute over the gas has been interrupting trade between Spain and Algeria and, consequently, cooperation in the military realm.

Upon initiating military cooperation with Algeria, Spanish diplomacy would succeed in restoring equilibrium to the progress accrued in this area with Morocco last November, during the visit paid to Rabat by the defense minister, Narcis Serra.

Restoration of Diplomatic Equilibrium

Since coming to power, the present government has attempted to restore the equilibrium in its diplomacy with the two countries closest to the Magreb, Morocco and Algeria. For example, in March 1983 the deputy prime minister of the government, Alfonso Guerra, traveled to Algiers, a few days before Prime Minister Felipe Gonzalez did so to Rabat. A similar plan was repeated last November: coinciding with another visit by Guerra to Algiers, Serra went to Rabat.

The search for equilibrium in the Magreb has become one of the main goals of the present Socialist government's defense policy, included in the Joint

Strategic Plan (PEC). The National Defense Directive (the basic document of the PEC), approved by the prime minister of the government last June, asserts that Spain must strive to achieve equilibrium in the Magreb, cooperating militarily to an equal extent with all the countries comprising it.

Morocco was the only non-European country with which the government proposed to have military cooperation, as Serra noted in his speech before the Cortes on 24 February 1983. Now it is one of the few mentioned which have not yet formally signed an agreement with Spain on cooperation of this type, of which there is not even a draft in existence.

From the analysis of the National Defense Directive aimed at achieving equilibrium in North Africa, one infers delay in the negotiations for the military cooperation agreement between Spain and Morocco, as military observers have anticipated. Morocco was informed of the visit by the military-commercial delegation that visited Algiers early last summer, and did not express any particular displeasure; hence, Spanish sources do not think that it is opposed to the search for equilibrium.

Insofar as the dispute over the Algerian gas is concerned, it became contingent on the prime ministry of the government, after Guerra's latest visit to Algiers. The Algerian ambassador to Madrid, Ismail Hamdani, met with Gonzalez last September, also to discuss this matter, which was taken directly from Moncloa, without even going through the Spanish Ministry of Foreign Affairs.

Algerian sources are of the opinion that the optimism about the solution to the gas dispute has been prompted by the fact that Spain has now agreed to discuss the problem based on the content of the 1975 contract, subjecting to discussion only "the numbers and the time periods." As these sources added, the fact that one and the same basis on which to negotiate has been found has given an impetus to the talks.

As Spanish sources reported, in the past Algeria had refused to "globalize" the dispute, rejecting any compensation dissociated from the contract. To date, it has been learned that two Spanish engineering and civil construction companies are awaiting the Algerian Government's decision on contracts which they have, exceeding 30 billion pesetas, and which have been impossible to implement successfully owing to the blockage of relations between the two countries.

Once the gas dispute has been resolved, the Algerian president, Chadli Bendjedid, plans to pay an official visit to Spain, which would be the first one ever made by a head of state of his country, as such, according to Algerian diplomatic sources. Nevertheless, those same sources have voiced skepticism over the fact that the process of normalizing Spanish-Algerian relations may be proceeding too fast to make this trip possible in April, as it has been unofficially announced.

Meanwhile, early in March Spanish diplomats will have a difficult role to play in their policy of equilibrium in the Magreb, being forced to respond to the invitation that the king of Morocco, Hassan II, has tendered to the entire

diplomatic corps accredited to Rabat, to accompany him on his first visit to El Aaiun, former capital of the ex-Spanish colony of Sahara, in which Polisario is still fighting, with backing from Algeria.

#### Secret Meetings

On Thursday of last week, the Polisario Front's "number two man," Bachir Sayed, held a "secret" conversation with the Spanish minister of foreign affairs, Fernando Moran. The assistant secretary general of this Saharan guerrilla organization held meetings that same week with other ministers of the Madrid government, whose identities have not been disclosed. This was at least the third occasion when contacts of this type were made with members of the present Spanish cabinet.

The impression given by the Saharans after these meetings was that Spain had begun making changes in its positions, coming closer to the Polisario Front, as the latter heightened its guerrilla activities and broke diplomatic barriers, succeeding last summer in having the Organization of African Unity (OAU) recognize the Democratic Saharan Arab Republic.

2909

CSO: 3548/85

MILITARY

SPAIN

MILITARY CONCERNED ABOUT LACK OF NATIONALIST FERVOR

Madrid DIARIO 16 in Spanish 24 Jan 85 p 12

[Text] Madrid--The lack of motivation for the defense of the national sovereignty on the part of vast sectors of Spanish society, which has even started affecting the military group, is a cause of deepseated concern among the high-ranking echelons of the Armed Forces, following an analysis made by military intelligence services, according to a disclosure made to DIARIO 16 by reliable military sources.

The evaluations made by the specialized defense organs express the view that an armed attack on sovereign territories such as Ceuta, Melilla and the Canaries archipelago would not receive the necessary "social mobilization," owing to the lack of a "national spirit of defense" among the Spanish people.

This was apparently one of the messages conveyed by the defense chief of staff (JEMAD), Adm Liberal Lucini, in his speech on 4 January of this year, on the occasion of the Military Epiphany.

The military sources point out that Liberal's comments have been interpreted only in the most superficial context: criticism of the defenders of neutralism; because this is one of the philosophies (still according to the aforementioned sources) that have most influenced the social demobilization with respect to the issue of defense.

Nevertheless, the JEMAD's comment, upon claiming that "the Armed Forces are capable of carrying out the missions assigned to them by the Constitution, with a cool head and a warm heart, but they need to be supported (...) by that spirit of national defense which we are dutybound to arouse," is said to have been inspired by the reports from the intelligence services.

A staff colonel told this newspaper that the concern over the lack of a spirit of defense in our nation is nothing new: "One need only review lessons and addresses given at CESEDEN [Higher National Defense Studies Center] during the past 20 years to realize that, since the time when Diez-Alegria was head of the staff, this has been a constant concern, in comparison with European nation's around us. But this shortcoming has worsened in recent years, with the systematic discreditation of everything military, and the pacifist and neutralist arguments gaining strength among the society," stated the aforementioned Army official, in conclusion.

But he agrees with the reporter that the political activism of some sectors of the Armed Forces during the transition, with abortive attempts to destroy the democratic order with the use of force, has not contributed anything toward arousing the "spirit of defense" among the Spanish people. And now the social mobilization on behalf of defense called for by the military leaders is being popularly interpreted as a request for backing for the policy of full incorporation into the Atlantic Alliance.

2909  
CSO: 3548/85

MILITARY

SWEDEN

ARMY COMMANDER LAUDS COUNTRY'S LARGEST POST-WAR EXERCISE

Stockholm DAGENS NYHETER in Swedish 25 Feb 85 p 14

[Article by Ingemar Lofgren: "Army Commander Says 'Vastgrans' Very Effective Exercise"]

[Text] "I have the definite impression that 'Vastgrans' [Western Border] has been an effective exercise except for one thing: too many conscripts were absent."

This was the opinion of Lieutenant General Erik G. Bengtsson, who came to Värmland to observe the final phases of the large military maneuvers.

DAGENS NYHETER met the army commander at Norrlands Brigade Staff Headquarters just east of Torsby in central Värmland. He had come here to be informed of the situation and observe the final battles in the area.

Erik G. Bengtsson is not satisfied with everything he has seen and heard so far.

"A big problem is that too many conscripts have been given extensions of time. That applies primarily to NCOs who have been authorized to stay at home because they have important jobs, etc. That is not acceptable," he told DAGENS NYHETER.

Big Trouble

"There are examples here of units which are reduced to half strength, and that has caused big trouble for us. The result is that if we come into a war situation NCOs will be called in who have not exercised, who do not know anything."

Overall, however, the commander of the army believes that "Vastgrans" has gone well.

"I have received a good impression of the exercise, and I believe that so far it has been effective," he said.

Many of the conscripts that DAGENS NYHETER met in Varmland during the past week have complained of inefficiency, poor information from above, dead time, much waiting and idleness.

#### Termination

At the same time the army commander became known for saying that if the exercises are not effective they might as well be terminated.

"When one is testing an organization as large as this there can naturally be shortages; there are of course many factors. And when 22,000 men are assembled in the forest there can obviously be some found who are not fully employed.

#### Dead Time

"But I really hope that the men are not just going around waiting for orders. One must use his own initiative. In order to use up the long waiting times they can bring in an exercise leader for instruction in ABC protection or the like. But that must also be prepared."

Whether the men were unprepared for what they were supposed to do during their dead time, the army commander would not discuss.

"As for getting information to the conscripts, all the participants were told to inform each other. But naturally that requires some effort."

Erik G. Bengtsson kicked the wet snow a little and added:

"Mainly I believe that everything has gone correctly..."

#### Own Initiative

When the army commander says that he has a good impression of the exercise, that is based on the information he gets from senior officers and conscripts. Does he believe that all the conscripts dare to tell him about the shortages?

"I assume that those I speak with are honest. I have spoken with many and perhaps some have said that they were not kept busy. But that is just why it is so important to use one's own initiative."

When the military maneuvers began a week ago the army commander was in sunny Rio in Brazil. He was criticized for that from certain quarters. "Vastgrans" is his first major exercise since he became army commander.

"To connect the trip to Rio with the exercise is cheap. I made an official trip on behalf of the Swedish state, and the decision was made by the minister of defense," said Bengtsson.

Meaningful

On Sunday there also came about 50 foreign delegates from the Stockholm conference to Värmland to observe the maneuvers in accordance with the Helsinki agreement. They were driven around in buses and aircraft, and given meals and information at different places.

In answer to DAGENS NYHETER's question if such observation tours are meaningful for relaxation of tensions and peace, Romanian delegate Martin Buhoaro replied:

"I am a diplomat. Therefore I say that everything we are doing we do for peace. Every step we take up here is meaningful."

9287

CSO: 3650/183

ECONOMIC

EUROPEAN AFFAIRS

ECONOMIC STUDY CONDEMNS ANOMALIES OF EC AGRICULTURAL POLICY

Hamburg DIE ZEIT in German Dec 84 p 18

[Article entitled: "The Green Time Bomb"]

[Text] European agricultural policy has not developed into a unifying force, but rather into an explosive charge. In the coming years it will drive the EC from one crisis to the next--if the politicians cannot summon up the courage to reverse course on the path to disaster. Thus, the "Kronberg Circle," a group of liberal economists, pleads in a polemic pamphlet "For a New Agricultural Order." Because of the political and economic explosiveness of this topic DIE ZEIT is publishing excerpts from this appeal for a correction in course.

The EC's agricultural policy has never been as muddled as it is now. Its 31 March 1984 resolutions on agriculture made no substantive changes in it. This agricultural policy is suffocating from loss-producing production surpluses. It consumes unnecessarily high costs. Only the smaller share of this money actually gets to the farmers. It is in a state of financial collapse. It is the cause of a perpetual financial conflict between England and the other member countries. It is the biggest troublemaker in international agricultural trade. It intimidates and harms developing countries. It results in conflicts with the United States, the political and military protecting power. It supplies political enemies such as the Soviet Union with butter at a far lower price than its own consumers. It is getting entangled in increasingly more bureaucracy. It is harming the environment and is causing ecological damage. It tempts member governments into breaches of contracts. It makes the farmers dissatisfied and forces them onto the streets in protests. It is the tinder for European summit conferences. It does not unite the community, it threatens to blow it up.

This list of sins is long. It is too long. But every individual item on it makes it obvious why European agricultural policy can no longer continue the way it has.

## Growing Production Surpluses

European agricultural policy is resulting in an indefensible abundance of milk, butter, powdered skim milk, wheat, barley, wine, beef, sugar and individual fruit and vegetable products. With excessive support prices it has stimulated agricultural production which far exceeds the EC's own requirements. The level required for self-supply is exceeded for all important agricultural products, in fact to a very great extent for most of them. These surpluses cannot be sold at the state-fixed support prices. Only in the case of fresh fruit and vegetables is the EC below the level needed for self-supply. But in 1982 for vegetables it was only 1 percent in a 100 while the subsidy requirements for fresh fruit were shown to be 18 percent of domestic production.

For example, from 1973 to 1982 the EC's agricultural production overall increased by barely 24 percent, on the other hand its consumption of agricultural products went up by only something over 8 percent. Thus, production increased approximately three times as much as consumption.

Agricultural production by the nine-member community is thus figured as 281 million grain units for 1973. Ten years later (1982) it was 347 million. In the same period consumption increased from 298 to 323 million grain units. A surplus averaging eight percent of production has developed out of the former subsidy requirements which averaged six percent of production. Or, stated differently: the level needed for EC self-supply with agricultural production rose from 94 to 108 percent using the average of all products. For 1982 it is estimated at 110 percent or somewhat more.

Of course, the self-supply level is by no means an acceptable standard for what must be considered as the "correct" or economically appropriate scope of agricultural production. Anyway, these are all just aggregate calculations. They conceal the fact that for the most important products the surplus situation is downright depressing.

**Too Much Milk:** The European glut of milk has turned into a storm flood. Even the 89 million tons of milk which were produced in the EC in 1968 were too much at the time. Meanwhile production has reached more than 112 million tons (estimated for 1983). The EC itself consumed only 103 million tons of that. This yields a surplus of nine percent (only four percent last year). The real surplus, however, amounts to 25 percent. A part of the milk and milk products can be sold on the market only if heavily subsidized. For 1983 this share is estimated at 13 million tons of milk. Thus, only 90 million could be sold at the official market prices. In 1982 the real surplus amounted to 19 percent.

**Too Much Butter:** In the EC's cold storage facilities large quantities of butter which cannot be sold are lying around. In mid-June 1984, for example, there was a good million tons, when converted four billion half-pound packages. In terms of value that is approximately DM8 billion. Total production in 1984 was estimated by the European Commission at 2.3 million tons, requirements for the EC itself at 1.55 million and (greatly subsidized)

prospective exports at about 400,000 tons. This volume of production therefore exceeds the EC's domestic consumption of butter by 48 percent.

**Too Much Powdered Skim Milk:** In addition to the mountain of butter there is a dump full of powdered skim milk. In mid-June 1984 it amounted to more than 953,000 tons. It could fill more than 33,500 freight cars. The state price support purchases of powdered skim milk reached a new record level in 1983: a good 880,000 tons, one-third of the annual production. In 1980 it was only 105,000 tons, 1 year later 242,000, then 466,000. On 31 December 1983 the record showed almost 983,000 tons in public warehousing.

**Too Much Sugar:** In order to control the sugar surpluses the EC had established production quotas for it since 1968-1969. At the time that came about primarily at the insistence of the FRG. By 1984, when milk production was also controlled in terms of volume, this market was the only quota-based agricultural market in the EC. Nonetheless, the largest surpluses, from a relative point of view, developed here because the agricultural politicians set the quotas too high. In 1973-1974 the nine-member community imported 8 percent of its sugar consumption, because its self-supply level was 92 percent. Since then it has been producing far beyond its own requirements.

**Too Much Wheat and Barley:** Europe's grain harvests continually set new records. For the first time it produced more grain that it needed for itself in 1978. In the 1982-1983 economic year its self-supply level was 114 percent. Ten years earlier it had been only 91 percent. The surplus is a result of the production of soft wheat (40 percent of the harvest) and barley (one-third of the harvest). In 1981-1982 in the case of barley approximately 15 percent more than domestic requirements was produced; for soft wheat it was 22 percent. Subsidized exports of soft wheat doubled between 1972-1973 and 1983-1984.

**Too Much Wine:** The winegrowers' cellars are overflowing with wine. The imbalance in the wine market is getting increasingly greater. Production and normal consumption diverge greatly. Production is rising, consumption tends to decline. In the 1982-1983 business year 1972 million hectoliters were produced. In the EC only 122 million of that were drunk as wine. Approximately eight million were normally processed into brandy (i.e., without additional distillation costs). Some 40 million hectoliters (23 percent of production) therefore had to be sold elsewhere. Over half of it was made into alcohol with additional distillation costs. Some 31 percent of it went into storage. The remaining 11 percent could be exported. In the 1979-1980 record year the winegrowers produced even more than 182 million hectoliters.

In 1980 the idea was born to pay a subsidy so that winegrowers should add grape must to the wine instead of sugar. This additive should help check the glut of wine because grape must, which is first concentrated and then added to the wine, reduces the volume of wine otherwise possible. Of course, the concentrate is three times as expensive as sugar. Thus, in March 1984 the European Commission recommended prohibiting sugar in wine so that the subsidy no longer need be paid. Thus, wine processing would also become more costly for the winegrowers and the sugar which was displaced from the wine would also add to the burden on the sugar market which is oversupplied. For the time being the recommendation has failed in the Council of Ministers.

Too Much Poultry and Too Many Eggs: Poultry production exceeds the EC's requirements by 12 percent (1982). In 1973 it was only four percent. In 1981 the EC had a two-percent oversupply of eggs; in 1973 it had only barely been able to supply itself. Of course, for both products there are no state-guaranteed prices and no government price support purchases, but they are protected from cheaper imports from the world market.

Too Much Fruit and Vegetables: The statistical average shows that the EC is not yet oversupplied with fruit and vegetables; production is less than what the EC itself consumes. But the so-called intervention quantities give a very different impression. Those are the fruits and vegetables that are bought up with public funds in order to keep the market prices from a strong downslide. Prices are paid which are about half the normal market price. Only properly packed and high quality goods (that is, perfect quality based on purely external characteristics) are permitted for intervention.

Since starting to do away with government costs (1967) increasingly larger quantities have gone the way of intervention. In the first 5 years since 1967 it was 2 million tons, in the second 5 years 3.5 million and in the third 5-year period 4.3 million. During these 15 years up to and including 1980--1981 apples were involved to the greatest extent with 39 percent of all quantities intervened. Then came pears with 28 percent, peaches with 10 percent, oranges with 9 percent, and tomatoes with 6 percent. The remainder was distributed among cauliflower, tangerines, lemons and table grapes.

#### The Most Money for the Wrong Ones

Anyone who manufactures product quantities which on a long-term basis and with an upward trend exceed real (buyable) demand is engaging in waste. The EC's agricultural surpluses are that kind of waste. It is reflected in costs. These include visible and invisible costs.

The visible costs are those which the EC shows in its budget calculations. They come about because it buys up and stores the surpluses, makes them cheaper for other uses and exports them with high subsidies. The term market organization costs is used to gloss over this. More accurately they must be called price support costs. These costs more than tripled from 1975 to 1983. If earlier years are taken as the base point then rates of increase emerge which are even more alarming. For 1984 the support costs in the EC budget were estimated, when converted, at about DM38.5 billion. But they will be clearly higher than that. According to data from the European Commission from mid-1984 the level is DM41.7 billion. These price support costs claim about two-thirds of the total EC budget. Converted to agricultural land in use European agriculture is thus supported on the average by DM197 per hectare. That is an average of DM3,091 per farm.

But as a matter of fact a large part of the support monies do not ever reach the farmers. On the way to them it seeps away in other sectors of agriculture and (in the case of export subsidies) in other countries. With all the

arguing about the exact magnitude most experts are in agreement about this state of affairs. The European audit office has estimated the share of the "seepage" at about 70 percent. According to other calculations it is about 75 percent. This means that only 25 to 30 percent gets to those for whom it is really intended.

According to SPD agricultural expert Dr Martin Schmidt (Gellersen) who had already grown angry in 1973 "the perverse thing about the system is the fact that only a fraction of the market organization outlays reach the farmers; from each mark of support costs the farmers get all of 10 pfennig." In this connection he was thinking primarily of the milk market. Up until 1984, in spite of the milk surpluses, construction of new dairy cattle stalls was constantly supported by the government. The German board of experts in rendering an official opinion on overall economic development stated in this connection in its annual report of November 1983: With every additional cow a clever farmer can make a profit of DM1,000 a year, but in order to utilize the additional milk from this cow the state suffers costs of more than DM2,000. These are all grotesque incongruities, these are all a waste of tax monies.

For a long time (up to and including 1981) export subsidies, which are nothing more than export losses, ate up the most money. Since 1982 producer and marketing subsidies (which are tied to individual products) have occupied first place. In 1983 they amounted to 42 percent of support costs. Some 37 percent were for export subsidies, 17 percent for warehousing (intervention). The remaining four percent made up other fiscal support costs, including extra distillation costs and supports for fruit and vegetables.

The subsidies and extra costs are of different kinds. There are those which are supposed to directly improve farmers' income (olive oil, mutton, winegrowing, milk and milk products, fresh fruit, fresh vegetables, beef, grain, sugar, beekeeping). There are others which are supposed to equalize price differences between production inside and outside the EC (silkworms, cotton, oil seed, processed fruit and vegetables, seed stock, hops, tobacco, winegrowing, olive oil). There are still others which are supposed to support sales in the EC domestic market. These include the dairy industry, sugar, grain and winegrowing.

The visible support costs are highest for the milk market. In 1983 they were 30 percent. The next higher positions are filled by the costs for grain (15 percent), beef and sugar (9 percent each) and fruit, vegetables and oil seed (7 percent each). The remaining 16 percent goes primarily to tobacco, wine, olive oil, mutton and pork. The national agriculture budgets show in parts additional visible support costs. An even larger item of visible costs are those funds which the EC member countries pay to their farmers because of the national agriculture-structural and agriculture-social policy. In 1982 the European Commission stated in this connection: "According to cautious estimates by the Commission all member countries together are spending twice as much money for agriculture as the EC." In 1982 that must have been at least DM 62 billion and in 1984, since the Commission's rule of thumb can hardly have changed, about DM 86 billion. For example,

over 60 percent of the agricultural budget in the FRG goes to German farmers alone in the form of social services: as public subsidies for old-age, health and accident assistance.

The invisible costs of price support are concealed for the most part in the consumer prices. These prices are kept artificially higher than they would be without government support. Unsupported prices, which develop in competition and provide a market balance, were lower than the support prices. Among consumers the difference between unsupported and supported prices results in burdens and thus costs which do not appear in any government budget plan. As a result they are also difficult to figure exactly.

A cautious estimate suggests that the consumer burden for the EC overall is on the magnitude of at least DM86 billion per year. The basis of the estimate is the fact that the support prices on an average of many years were kept at least 25 percent above the balanced prices such as would develop under the influences of cheaper supplies from the world market. The basis of the calculation of the estimate is the value of EC agricultural production (in 1982, when converted, DM344 billion).

Other invisible, but nonetheless real costs are those of the agricultural bureaucracy in the industry. The many regulations which are necessary to implement and monitor the support prices in the market force a part of the administrative tasks onto the private enterprises in the agricultural and foodstuffs industries. Additional personnel is required, the administrative channels in many businesses result in time losses, bureaucratic changes of mind defeat business transactions or make them difficult. Aggregate estimates of these bureaucratic costs, which are imposed and passed on, have thus far not been made public. Furthermore, there are ecological costs because the agricultural policy involves damage to the environment. Moreover, the system must take into account costs for the fact that other industries also put forth subsidy requirements and in their claim refer to the unnecessarily high support costs for agriculture.

Nonetheless, a good DM213 billion per year can of course be targeted as actual support costs (41.7 + 86 + 86 billion). But in reality they are even more. The people as taxpayers pay the visible ones, as consumers they pay the invisible ones through the prices for agricultural products. Converted, they subsidize European agriculture annually on the average by DM2,468 per hectare or by DM38,727 per farm.

But in spite of these very high expenditures full-time German farmers, for example, in 1982-1983 received only a net income (profit) on the average of DM1,301 per hectare and DM33,791 per farm. Comparable average numbers for EC farmers overall are unfortunately not available, yet the German numbers also show that the price support costs more than fully employed German farmers earn on the average with their labor. The disproportion between operation and result is well known. The conclusion from this (theoretical) consideration of averages: If the EC would pay every European farmer in cash the DM2,468 per hectare instead of support prices in a complicated way, the farmers on the average would be even better off.

### The Threatening Collapse

This is not the first time the EC has been threatened with financial depletion of funds because of agricultural price supports; only small miracles staved them off. But things have been different since 1983. The fiscal crises worsened dramatically. Miracles did not occur. In order to remain capable of paying in 1983 the Commission had to apply various emergency brakes. For example, it blocked certain premiums, it prohibited advance payments for export subsidies, it delayed other payments, it limited the government acceptance guarantee in the wheat market. The EC had initiated a serious correction of its agricultural policy.

The agricultural ministers resolution of 30/31 May 1984 then appeared. But it did not avert the financial crisis, at best it slowed somewhat the increase in expenditures. The available funds were not adequate in 1984 for the anticipated outlays. In July 1984 the European Commission figured the gap in the treasury at DM5 billion. Floating loans was considered; the FRG and Great Britain objected to that. Then the member countries were supposed to give advances. In November 1984 the European Parliament had to consider a budget plan from the Council of Ministers which contained financing funds for only 10 months. The EC will not gain breathing room until 1986 on. Then it will receive (according to the 26 July 1984 resolution by the European heads of government in Fontainebleau) a larger share of the value-added tax income of the member countries. Until then, however, there remains the threat of financial collapse.

This collapse is, as it were, built in and thus inherent in the system. The financing system operates in a disastrous way together with the system of government acceptance guarantees, guaranteed prices and subsidies for agricultural products. Thus, the recoveries from the common budget fund to the individual member countries are all the higher the more their agricultural production increases. Stated more clearly: the more their agricultural industry contributes to overproduction. For then increasingly more payments from the Brussels treasury (almost unrestricted up to the end of March 1984) will be needed in order to sell the surpluses.

Furthermore, the more the member countries expand their agricultural production and thus further throttle their agricultural imports from the world market, the more the income of these countries from the import taxes, which belong to the Brussels treasury as its own capital and which they must pay to this treasury, will decline. Thus, if these member countries, as typically happens, think primarily of their national budget and their national balance of payments situation, then they are interested in getting back more from the common treasury than they have to put in. As a result, for this reason they so far also considered it profitable to continue to allow their agricultural production to increase.

Thus, most of the member countries take out for themselves a net surplus while others, specifically Great Britain and the FRG, give net subsidies. The member countries are thus behaving no differently than the too many

citizens who exploit their health insurance because they want to get out at least their insurance contributions and because, when viewed on an individual basis, this appears to be worthwhile.

This disastrous interplay of agricultural and financing systems makes it immediately clear why the majority of the member countries was used to proceeding in the yearly agricultural price increases in a more free and easy manner than others and thus far so stubbornly opposed any reform of agricultural policy and financing; bills for reform and opposition to hefty price increases as a rule came only from the net payers, Great Britain and the FRG. It is easy to carry out agricultural decisions which others finance; for then the critical threshold is missing which absolutely must be drawn. As long as it continues to be lacking, the financing requirements will continue to overflow and trigger the demand for increasingly more money from the EC treasury.

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CSO: 3620/243

ECONOMIC

FEDERAL REPUBLIC OF GERMANY

FOREIGN TRADE VICE MINISTER ON 12 YEARS OF SINO-FRG TRADE

Beijing GUOJI MAOYI [INTERTRADE] in Chinese No 10, 27 Oct 84 pp 11-12

[Article by Jia Shi [6328 4258]: "Sino-FRG Economic and Trade Relations Made Rapid Progress in Past 12 Years"]

[Text] On 11 October 1984, we marked the 12th anniversary of the establishment of diplomatic ties between China and the Federal Republic of Germany (FRG). In these 12 years, friendly relations developed in every area of bilateral intercourse. It is gratifying that our peoples have deepened their mutual understanding and that our trade and economic cooperation have also borne abundant fruits.

I. The Legal Basis for Steadily Improving Bilateral Relations

Before 1972, trade between China and the FRG was maintained on a people-to-people basis. Since the establishment of formal relations, both governments have made abundant efforts to improve bilateral trade and economic cooperation. In 1973, we formally signed a trade and payments agreement, followed by the creation in 1975 of a joint committee designed to promote economic and trade relations. Two meetings were successively held in Beijing and Bonn. All this did much to expand bilateral trade.

On 24 October 1979, we signed an economic cooperation agreement, defining the areas and goals of economic, industrial and technological cooperation. Based on this agreement, we have also set up a joint economic committee, the function of which is to regularly review the implementation of the economic cooperation agreement. This joint committee replaced the one set up in 1975 and was elevated from the bureau to the ministry level. It has met three times over the past five years and has contributed significantly to solving problems in bilateral trade and economic relations. Both governments have expressed satisfaction with its performance.

From 1981 onwards, the FRG government has been giving us free technological assistance. We signed a technological cooperation agreement in October 1982 to ensure smooth technical cooperation between the two nations.

In October 1983, we signed an agreement for the protection of investments which, in combination with another pending agreement aimed at avoiding double

taxation, would dramatically improve the conditions under which West German and Chinese enterprises invest in one another and launch joint ventures.

During his visit to the FRG in May 1984, Li Peng [2621 7720], vice minister of the Ministry of Foreign Economic and Trade Relations, concluded a cooperation agreement with Bonn on the peaceful use of nuclear energy, thereby broadening the area of economic cooperation. In addition, we signed a number of agreements closely related to economic cooperation, such as those on shipping and civil aviation. We can say that Sino-FRG economic relations to date rest on a relatively sound legal basis.

## II. Cooperation Takes Multifarious Forms

As bilateral trade grows steadily and the scope of cooperation broadens by the day, the contacts and cooperation between our enterprises, localities and professions also proliferate and become more diversified.

Three specialized working groups--on agriculture, coal and nonferrous metals--have been set up under the joint economic committee. These groups are primarily attached to the departments concerned and mainly comprise professional experts and representatives from other relevant departments. They were set up to promote economic and technological cooperation between corresponding professions in the two countries. Both the coal and nonferrous groups have convened their first meetings. Although much substantive talks remain, these groups are useful in that they serve as a channel for the exchange of information, increase mutual understanding concerning each other's needs and the possibilities for cooperation, define cooperation directions and goals, and help solve problems.

Economic cooperation between China's provinces and the FRG's states has also registered considerable gains in recent years. As of today, Jiangsu, Shanxi, Ningxia, Jiangxi, Anhui and Shandong have set up or are negotiating to set up economic cooperative relations with North-Rhine Westphalia, Baden-Wurttemberg, Hessen, Rhineland-Palatinate, Lower Saxony, and Bavaria. Their exchange of delegations and information facilitates mutual understanding and economic cooperation between their small and medium-sized enterprises. Right now, a large batch of such enterprises in both China and the FRG have established contacts with one another through provincial or state channels, and some of them have concluded actual cooperation contracts.

Over 40 representative offices have been set up in Beijing, Shanghai and Guangzhou by West German industries, enterprises, trading companies and banks since 1979. Meanwhile, more than 10 Chinese foreign trading companies, transportation firms and engineering contractors have also established representative offices in Hamburg, Dusseldorf, Cologne and Frankfurt.

## III. Commodity Trade Grows Fast

The FRG is China's largest trading partner in Western Europe. Bilateral trade reached 2.147 billion dollars in 1983, a 6.8-fold increase over 1972. Our exports amounted to 847 million dollars, an eightfold increase over 1972, and

our imports reached 1.3 billion dollars, a sixfold jump over 1972. Even more gratifying are the dramatic changes in the commodity mix of both exports and imports. In 1972, about 70 percent of our exports to the FRG were native and livestock products. In 1983, their share dropped to 25 percent. Meanwhile, the proportion of industrial manufactured goods has grown substantially. Our machine product exports in 1983 represented a 500-fold increase over 1972. The growth rates for chemical industrial products and textiles during the same period were 76-fold and 22-fold respectively. In fact, chemical industrial products became our single largest export to the FRG last year. We imported very little technological equipment from Germany in 1972. In recent years, however, the FRG has become a major source of our technological imports.

#### IV. Economic Cooperation Flourishes

With our adoption of the open door policy, economic cooperation with the FRG has entered a new era. In recent years, Chinese and West German enterprises have concluded hundreds of economic cooperation contracts in a wide array of forms--joint production, processing with imported materials, processing in accordance with buyers' specifications, assembling, labor cooperation and joint venture. Jointly produced items include containers, small casting machines, cranes, marine diesel engines, electric motors, controlled machine tools, injection molders and color television sets. Economic cooperation between China and the FRG in a third nation has also been very successful. In the Middle East, Chinese and West German enterprises submitted joint tenders and have won a number of construction contracts.

Through economic cooperation, China and the FRG can supplement each other's economy and bring to bear on the international market their combined strength in order to increase their competitiveness. A good example is the Liming Cosmetics Company in Tianjin, a joint venture between the Tianjin Daily Chemical Products Factory and the Wei-la [phonetic] Company of FRG. Since it went into operation in March 1983, it has had a profitable first year and its products have been exported to Japan and other countries.

Other major cooperation projects currently under negotiation include the Shanghai Bao Steel Works Phase II and a joint venture between the Shanghai Tractor Company and Volkswagen to build the Jetta, a compact car.

#### V. Bright Prospects

Despite the considerable progress we have made in trade and economic cooperation, our potential for further development is tremendous.

First, China and the FRG have friendly relations and both governments attach a great deal of significance to the development of bilateral economic and trade relations. This is an important prerequisite for intensifying cooperation and expanding trade. Moreover, the FRG represents a large market; its people have a high consumption level and strong purchasing power. Since our current exports to the FRG make up only 0.5 percent of its total imports, there is clearly room for expansion. With its remarkable competitiveness in

industrial technology, product quality and in various services, the FRG will be a major supplier of the technology and equipment we need for our key construction projects and technological transformation. Apart from supplying what the other does not have, our enterprises should further improve the competitiveness of our products and services in other nations. As long as both nations adhere to the principles of equality and mutual benefit and continue to work hard, our economic relations will grow steadily.

As we mark the 12th anniversary of the establishment of Sino-FRG relations, Dr Helmut Kohl is scheduled to visit China soon. I believe this important event in our relations will have a positive effect on the development of economic and trade ties between our two countries.

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

SMS CHIEF WEISS RECOUNTS BACKGROUND, SUCCESS OF PRC VENTURE

Hamburg DIE ZEIT in German 8 Feb 85 p 23

[Article by Heinz Michaels: "A Very Normal Business Deal"--Heinrich Weiss on His Experiences in the Far East]

[Text] Heinrich Weiss has only praise for the 70 Chinese engineers who have been working for several months in the design offices of the SMS Schloemann-Siemag AG: "I have a positive impression. They are intelligent, qualified, keen and eager for knowledge--the way it is when one wants to penetrate a new technology." The Chinese are still "hungry", compared to some of their German colleagues who were saturated long ago. "It's like Japan 50 years ago."

The head of SMS had already been impressed by the eagerness of the Chinese during negotiations. The Chinese delegations are always overly large, the discussions always delve into many details, there are always innumerable questions. "The Chinese try to learn as much as possible even during the negotiations."

The fact that Chinese engineers in the FRG are cooperating in the development of a hot-rolling mill for Baoshan near Shanghai--and are acquiring the know-how for their industry--is the result of a licensing and cooperation agreement which Heinrich Weiss signed in Beijing in the spring of last year.

"The agreement is set up for the long term," says the steel mill builder. "And it not only serves cooperation in the workshops, but also in the design offices. It ensures technology transfer for the Chinese, and business opportunities in China for us for a long time to come."

Agreement in his pocket, Weiss, together with his cooperation partner, the Chinese Ministry of the Machine-Building Industry, then applied to the Ministry of Metallurgical Industry for the contract for the Baoshan hot-rolling mill which originally was to be built by the Japanese, and obtained the order. The Japanese had realized too late that Chinese economic policy had changed, that today partnerships and technology transfer are in greater demand than simple imports.

In 1980, in the first SMS order for Baoshan, a cold-rolling mill, the Duesseldorf enterprise could still limit itself to guarantee delivery of

"parts and machines of simple and medium technology"--according to the firm's statement--to the Chinese. Of the DM 1.3 billion estimated for the mill at that time, DM 300 million are to remain in China.

"The development is breathtaking." When Heinrich Weiss speaks of China, he speaks with a warm heart and a cool head. He admires the change which Deng Xiaoping, China's strong man, has dared to undertake; he admires how quickly the population has accepted the new ideas, just as if market economy thinking ran in their blood; and he calculates quite soberly that China is one of the few countries in the world where steel mill builders still have a chance, since in the 90's, 60 million tons of steel are to be produced there annually, almost twice as much as today.

Yet in the 60's, Weiss wanted nothing to do with business deals with communist states and also tried to dissuade his father. "Today, I think differently about it." These days, he courts China as ardently as he does the Soviet Union, formerly the largest SMS customer, at present the second largest. Today he believes in the theory of international convergence, the theory of the rapprochement of systems.

This did not stop him, however, from assuming the chairmanship of the CDU economic council, which can hardly be suspected of such tendencies. His reason for this step: he considers the political commitment of entrepreneurs as absolutely necessary. And despite convergence thinking, he happily expresses the hope that in future, market economy may prevail more in the FRG.

Heinrich Weiss was not only born with a silver spoon in his mouth, the China tradition was also the inheritance in his cradle: Siemag, founded by his great-grandfather over a century ago, signed its first China contract as early as 1904 for building a blooming mill in Hanyang.

When the birth of Heinrich Weiss in the war year 1942 was recorded at a Berlin registry office, the connection to China had already been broken a second time (the first interruption was due to the First World War). Contact was resumed only in 1966, while Heinrich Weiss was attending the Technical Institute in Munich and his father was managing the firm. Again it concerned a rolling mill, which meanwhile had become a specialty of the firm, a cold rolling mill which Siemag was to build jointly with Demag in Wuhan. But the Cultural Revolution soon caused new confusion, and it was only in 1974 that the agreement was concluded (the mill finally started up 4 years later).

At that time, the tall, slender and amiable manager was the "youngster" of Rhine and Ruhr; at 32 years of age, he was the youngest chairman of the board and, as rumor has it, the most sought-after bachelor of Duesseldorf. A year earlier he had merged the family enterprise, which he had taken over from his father, with the Mannesmann subsidiary company of Schloemann and had shown considerable negotiating talent in the process. Each of the two partners holds 50 percent of the shares; in case of a stalemate situation, the chairman of the board decides, i.e., Heinrich Weiss.

At that time, in 1974, Heinrich Weiss visited for the first time the vast country in the Far East and got to know it as a market of the future. At that time, also, China's opening up to the West appeared on the horizon. Minister President Chou En-Lai, now deceased, proclaimed the "Great Leap Forward", through which China was to become a normally industrialized country by the year 2000.

In December 1984, Deng Xiaoping described the main features of the new Chinese economic policy to Federal Chancellor Helmut Kohl and a group of German entrepreneurs. Naturally, Heinrich Weiss was part of the group. Deng recounted how the idea had come to him--on a visit to Japan, in conversation with then Prime Minister Ohira. Deng's economic policy in many ways follows the Japanese model, such as transfer of technology through licensing and cooperation agreements. But the difference also became clear. Deng pictures an economy with market economy elements "under the aegis of socialism." This also makes clear the significance of the much-discussed lead article in RENMIN RIBAO, the Beijing PEOPLE'S PAPER, which stated that Marx and Engels were right at the time, but that new ideas were also needed for solving the problems of our time.

Of course, this immediately raises the question whether China, like Japan, will soon become a competitor of its industrial teachers. Weiss says: "No, I don't think so. Japan was forced into its export offensive because the domestic market is small and the country possesses not raw materials. China has an enormous domestic market and rich raw material deposits. That is like the United States or the Soviet Union." For this reason it is Deng's objective to pay for Western technology with domestic raw materials.

Last October, the Communist Party of China took the--provisionally-final step toward liberalizing the economy along Deng's lines. In its decisions, the party abandoned the fixed price system, admitted private markets, encouraged private initiative in the small trade and service sectors, and granted factories greater self-determination over production, profits, raising of capital as well as wage and personnel policies. Thus the party sanctioned a system which had developed step by step since 1978.

Heinrich Weiss was able to study close up the development of the new economic policy in the case of Baoshan. He noticed that the Chinese first try out every step on a small scale, like a laboratory experiment. Deng does not want to experience a fiasco like Mao Zedong with his "Great Leap Forward" at the beginning of the 60's.

Already in 1980, **Machine Factory I** in Shanghai was such a laboratory. "We have two economic systems today," the plant manager explained to the German. "A planned economy and a market economy. We can freely produce and sell part of our production." Since then, the clever manager supplies his forgings directly to Schloemann-Siemag in Germany.

With the party's blessing, production in the primary and heavy industry is now officially divided: 80 percent for the plan, and 20 percent for the market. Whatever is produced additionally can also be sold freely. The enterprise itself can dispose of the profit and foreign currency resulting therefrom.

Most striking, however, was the change in agriculture, which still employs 80 percent of the population. Production has increased ever since farmers were able to lease from their commune a piece of land for their own cultivation, to have their own vegetable gardens, and to raise pigs and chickens.

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

1985 INVESTMENT, EMPLOYMENT GROWTH FACTORS ASSESSED

Duesseldorf WIRTSCHAFTSWOCHE in German 21 Dec 84 pp 36-44

[Article: "Climbing Out of the Vale of Tears"]

[Text] While 1984 turned into 1985 the upturn has picked up speed in the FRG. Now it is up to the corporations lest the dream of it evaporate. In any event, chances for a permanent economic recovery have long not been as good as today.

Now they only must want it. "General conditions for an investment capability have improved significantly," IW [Institute der deutschen Wirtschaft] advises its clientele, the FRG entrepreneurs, predicting for 1985 still more of a "correction in favor of gross income from entrepreneurial activity and capital."

Figures corroborate the claims. The gross income from entrepreneurial activity and capital--statistically, a somewhat clumsy definition--grows by 6.8 percent in 1984 and thereby leaves gross income from nonentrepreneurial activity, at barely 4.5 percent, clearly behind.

Nowonder that, in view of such figures, the council of experts assessing overall economic development, in its annual estimate for 1985, expects a plus of an imposing 10 percent for inventory investments, leaving the whole bunch of prognosticators far behind in its optimism. Are there thus splendid prospects in store for the FRG economy? Does the future "have a future again"?

It is not all that simple. Juergen Husmann, chief economist at the FRG affiliation of German entrepreneurs associations in Cologne, officially committed to more moderate optimism, is pouring water into the wine. To him, the profit trend is seen as being too positive as it has thus far been confined, after all, to just some "corporations or branches."

And to Harald Juergensen, professor of economics in Hamburg and the director of the Institute for European Economic Policy there, "it will still call for great efforts by economic policy to stabilize the general conditions for permanent growth at the requisite extent." What they all are agreed upon is, however, that the corporations will play an essential role in the upturn in 1985.

This recovery has thus far taken place in the FRG without the corporations doing much for it. In 1982, the upturn got started, most unusually, through a thrust in consumption: Savings accounts with good interest rates led to the first demand squirt in the lame economy. The FRG government then applied a second squirt. Extra investments and promotional programs for housing construction cranked up investments.

No sooner had the upturn started than the strike and lock-out in the metal industry in the spring of 1984 brought withdrawal symptoms. Consumption and investments were dented along the line, merely the trough of foreign demands seemed to make survival possible.

Meanwhile the upturn got out of its summer doldrums. All the many separate factors that had shoved it one way or the other lost their effect. Only now one can see that the economy switched over to a course toward growth out of its own capacity. Output and orders received are a signal that one has not only made up for the losses through strikes, but that the upturn in the end has turned into a self-supporting boom.

The improved international competitiveness of the FRG industry has helped in this. Wage-piece costs in the FRG are rising at less than one percent at this time. For the international competition the German entrepreneurs are thus best prepared as far as costs are concerned. Their main competitors, Japan and the United States, have higher costs there throughout.

Through a tremendous rise the exports this year did become the decisive pillar for the German turn. And there are all indications that also in 1985 exports could vastly help a fuller capacity use again of German corporations. The impulses of the U.S. recovery, to be sure, weaken the development of world trade, yet the Germans are likely to share above proportions in the expected expansion of worldwide trade by 5 percent. The economic revival of the traditional trade partners in Europe and export lines aimed primarily at investment goods and industrial products would certainly make possible a 6 to 7-percent expansion of FRG exports.

It would even be possible that the world recovery gets another thrust from a declining dollar rate. While thus far the weak or even declining rates for petroleum and raw materials had not helped much in speeding up the recovery in the industrial countries--with the exception of the United States--now a dollar that would yield could turn things around. For it is fairly unlikely for the greenback to climb still much higher.

A slight weakening of the dollar, which is perfectly plausible, would then for the first time also pass on reduced oil prices to the customers in the other industrial countries. This spring, with temperatures rising, and oil demands dropping, OPEC could be forced to reduce its standard price of \$29 per barrel (159 liters) somewhat--which would again improve the conditions for growth.

That will then by and large have absorbed the enormous inflationary thrust that unhinged the world economy after the drastic oil price hikes of 1973 and afterwards. In the FRG in 1985, in the view of most prognosticators, a price hike of at best 2 percent could be coped with. The council of experts even

sees chances in the "surmounting of the inflation" for putting monetary policy at new and less restrictive tracks.

Freed from the inflation fighting job, Frankfurt's currency guardians, according to the five sages, ought to shore up a lasting upturn financially by a steady, if moderate, expansion of the money supply. An unaltered corridor of 4 to 6 percent in growth for the Central Bank money supply--the monetary policy guideline in the FRG--would, in the view of the experts, have met that goal.

The nation's top economic policy advisors went even further. They suggested departing entirely from the potential-oriented money supply management and keep the expansion of the Central Bank money supply constant for the years ahead at 5 percent. The monetary rate had now been so much stabilized, they explain, that the bank of issue "no longer had to apply the means of slowing down money volume expansion."

The Deutsche Bundesbank, however, did not endorse these arguments. In mid-December it set down a 3 to 5-percent money supply target for 1985. They had not wanted "to risk the advances made in stabilization again," as the currency guardians explained the new tightening of the target corridor. Still it is less in their own country that the finance politicians sense the danger of renewed inflation. Instead, they rather worry increasingly about the high dollar rate, from which the German export economy benefits most pleasantly. For it is the dollar rate which, according to Karl Otto Poehl, the president of the bank of issue, "again risks price stability." One might have needed a bit more equanimity in this respect. Thus far, in any event, the flight of the dollar, despite all warning cries, has not been able seriously to endanger the stabilization of the German money rate.

For all that, the Bundesbank has made clear by its decision that it continues to give priority to inflation fighting. It is possible that thereby price hikes can be brought still below the 2 percent expected for 1985. This has, however, not made any more favorable the prospects for coming down from the high real interest level. Interests, to be sure, are today already lower than a year ago--capital market interests have already dropped below the 7 percent mark--yet the interest level still is a barrier, to be taken seriously, to a tempestuous economic upturn.

Even a further drop in interests, to be sure, would hardly be enough for lending a new start to the lame housing construction. IW expects a "pronounced investment weakness" for housing construction that cannot be surmounted so very fast. Potential builders are also uneasy about the "uncertainty about the planned reform in housing construction encouragement," as the Bayerische Hypotheken- und Wechsel-Bank comments with pique. Yet forceful survival cures for housing construction are hardly any longer economically sensible in view of the market saturation achieved in many areas.

Public and corporate construction does not look quite as bleak as housing construction, however. Municipalities have gained new elbow room for construction activities through rigid budget consolidation, and for the corporations the continuing upswing provides a basic level for construction investments.

More interesting, to be sure, and more important for the future opportunities of the German economy is the development of equipment investments. Practically all who expect a boom envisage for 1985 a definite resurgence of expenditures for new machinery and production installations in the corporations. Depending on one's degree of confidence, a 5 to 10-percent growth is being predicted there.

The council of experts may well have defined the upper limit of possibilities in its annual report in boldly including in its prognosis a plus of 10 percent in equipment investments. According to the council's economic policy philosophy, banking entirely on favorable general conditions for economic activities, there is then hardly any excuse left for forgoing brisk investing. Moreover, in FRG enterprises an enormous need to catch up in new machinery was generated in recent years, and that must now come, now or never. Even if the 10-percent target of the five sages is overdrawn, the signals are beckoning for expansion.

The Munich Ifo Institut fuer Wirtschaftsforschung expects an increase of equipment investments of annually 6 percent in the years ahead. The cause for such a favorable turn in investments, along with the improvements in general conditions, is the corporates' conversion to new technologies. "The diffusion of the new processing and office techniques has only begun," says Wolfgang Gerstenberger, head of the industry and structure department at the Ifo Institut. His inference: "New technologies therefore are likely to stimulate investment activity still more than before." Gerstenberger refers to following areas:  
--Conversion to digital communications techniques,  
--introduction of a broad band communications network on a glass fiber base, and  
--giving private bidders access to radio and television.

The outriders for investments are the processing trades, telecommunications and transport. The curve is declining, however, in commerce, apartment leasing, building trades and agriculture.

Rationalization continues to be the predominant investment motive for the corporations. Every other investment is placed for that purpose. Meanwhile, however, the motive for expansion has gained ground too. One out of every four corporations plans to increase its capacities in 1985. That still will not come anywhere near the values of the luminous past. In the late 1970's circa 40 percent of all investments went to the expansion of production capacities.

If the immediate growth thrust through investments may not make all that much of a difference--equipment investments only come to 11 percent of the GNP--investments will still be of crucial importance for securing jobs longterm. The "investments of today are the jobs of tomorrow," Juergen Husmann of the entrepreneurs summarized the beneficial effect of such entrepreneurial activity.

Still, already for 1985 one expects, for the first time again after a long while, rising employment figures. Cologne's IW even expects 225,000 new jobs in the year ahead. The unemployment level, to be sure, will hardly be touched by that and remains depressingly high.

Yet even a slight employment increase and a halt in the number of unemployed have positive effects on the consumers' buying and paying ability. The income available in private households ought to increase by circa 4 percent in

the year ahead. Additional leeway for consumption might come from a further reduction of the savings quota and a greater demand for consumer credits. Prognoses for the real trend of consumption in the year ahead fluctuate between plus 1.5 and plus 2.5 percent. With a circa 55-percent share of private consumption in the GNP, even slight deviations, upward or downward, are setting billions afoot. All in all, domestic economic impulses will protect the FRG boom pretty well from unwelcome surprises in the year ahead. Basic dangers do, at best, threaten from beyond the border. The U.S. trend causes an actual panic among some. While even a few months ago, hyperbolic praise was still given to the United States and the economic policy of its President Ronald Reagan, now criticism is growing: "The Platow team now finds in the American dilemma the greatest source of danger for the world," as Gerhard Czerwensky, editor in chief of the information bulletin DER PLATOW BRIEF, announced. To him, all that is still needed is the "spark to set off the explosive."

Everyone knows where the explosive is. The enormous American boom with growth rates of real 7 percent this year came together, as one knows, with a frightening budget deficit and, to boot, resulted in a historically unique high trade balance deficit. That way, sure enough, things cannot continue.

If everything goes according to plan, however, the U.S. economy will make a soft landing and the growth rate would then turn into a permanent, stable and measured upsurge. The prophets of an apocalypse, on the other hand, see the danger of a possible hard landing that would lead to a severe recession in the United States and have devastating effects on the world economy. Economic indicators do not suggest a U.S. disaster. The U.S. economy is more stable than the pessimists fear. In 1984 alone, U.S. investments rose by 19 percent, and also for 1985, a brisk growth in corporate investments is expected. In this, in any case, the United States continues to be the FRG's model.

Still there is no doubt that U.S. economic growth will weaken--the boom cycle demands its victims. This cycle also remains in effect in the FRG, even if, according to IW, the "protracted shrinking process" after 1979 ought to be "followed by an upward trend over 3 years." Then one should have to expect, at the least in late 1985, a break in the growth curve in the FRG; a real 2.5 to 3-percent growth rate thus becomes perfectly feasible.

The dent in the growth will come not until 1986, it may be assumed today. But then an impulse could come from Bonn. By a downright classic Keynesian pattern, that is the year when the first step comes in of the tax reform planned by Finance Minister Stoltenberg. By a tax reduction of DM 12 billion, the minister is going to give the boom a break in 1986. What Karl Schiller dreamt of when he was minister of economics will then have been accomplished: an anti-cyclical finance policy.

#### Facilitate What Is Still Better

Much was not amiss. Economic growth in 1984 stayed but slightly below the level that would have reduced unemployment. The number of unemployed registered with employment bureaus by the end of the year was, to be sure, only slightly smaller than in the end of 1983, at the annual average, however, we kept the 2 1/4 million unemployed which we were settled with already in 1983. The number of

employed also stagnated in 1984. Here at least a turn has been predicted for 1985. IW--strengthening the backbone of the corporations right now with optimism--expects a 0.9-percent rise in the number of employed for 1985. For mid-1985 the Cologne optimists even envisage a number of unemployed below 2 million.

For all that, economic growth will not be stronger in 1985 than it was this year. A recovery resurgence has delayed effects on the labor market, as the textbooks teach us. IW writes: "The employment trend becomes positive a year later than production." New hiring mainly takes place in the services field, but--and this is most gratifying--even in the commodity producing business the employment decline is finished.

Some branches like office machinery construction, electrical engineering and chemistry showed already a rising demand for labor in the last few months. German industry, furthermore, seems about to be laying a firm foundation for the future through massive investments in years ahead.

What with all optimism, prospects still remain tempered. Even the 2.5 to 3-percent economic growth expected for 1985 leaves many wishes unfulfilled. And granted, no growth rate for the economy is set by nature. It is therefore the task of all involved in economic affairs, as Hamburg's economics professor Harald Juergensen likes to emphasize, "to make of all the possible futures the better future probable."

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

### UNIONS CHALLENGED BY CHANGING STRUCTURE OF WORK FORCE

Bonn RHEINISCHER MERKUR/CHRIST UND WELT in German 5 Jan 85 p 5

[Article by Walter Bajohr: "The Old Worker Is Dying Out. Will the German Labor Union Federation Survive?"]

[Text] The "blaue Klaus" [blue Nick] is one of the most efficient workers in the Bochum Graetz Television Plant. In a mere 30 seconds, he nails the front of a television set together with the rest of the case with 33 brackets. Per shift he manages to complete 1,000 units. Other colleagues are no less industrious. In the approximately 3-kilometer-long conveyor belt, some of them process up to 450,000 components per shift. In so doing, there is neither any grumbling nor idling. Coffee breaks and chattering in between are unimaginable. For the "blaue Klaus" and his "colleagues" are robots.

Whether in the automobile industry or in the textile industry, whether in machine building or in the office--everywhere computers are marching forward and present the employers with content faces, but the union officials with nightmares. The "Third Industrial Revolution", that sweeping development of new technologies, more and more advanced engineering through increasingly more efficient use of microprocessors, have thoroughly confused the firmly-joined world view of the unions.

### Growing Fronts Between the Unemployed and Those Who Have Work

The Fraunhofer Society regards close to half of the 1.2 million assembly jobs in industry threatened through automation. The Prognos-AG Basel [Basel Forecasting Corporation] and the Munich Ifo Institute for Economic Research figure the rationalization effect of robot technology at five hundred thousand jobs by 1990 in this sphere. The German Labor Union Federation, in the spheres of word processing, communication engineering, and data processing alone, expects a loss of 2.5 million jobs by 1990. And the civil servants of the Federal Ministry for Research and Technology do not want to exclude the possibility that, with electronics moving in, a total of about 7 million jobs will be lost in the next 5 years.

"As long as the desire for more goods and services prevails," the economists of the Sachverständigenrat [panel of experts] qualify the problem, "new possibilities for employment will replace the old ones that are being eliminated." But

in the meantime doubts have already settled in. For while in this country a dispute is still going on about whether a robot in the end destroys two, four or soon even ten jobs, the first factories have already been built in Japan, in which robots are building new robots.

The unions are being cut to the quick by this development. The larger the unemployment, the weaker the power of the unions. Unemployed workers do not pay dues to their union. And the workers who have jobs are interested, above all, in their union's worrying about the preservation of their jobs. Thus the unions see themselves confronted with a web of alarming structural changes:

--A growing opposition between those who have work and want to keep it and those who stand outside and whose chances of finding a new job diminish in proportion to the poverty of their vocational training.

--An increasingly sharp differentiation in employees, who are highly qualified and occupy key positions, and a growing mass of subordinated auxiliary workers *Zuarbeiter*. Minister for labor and social affairs, Norbert Bluem: "A new hierarchy of employees will come into being, in which those employed in key positions belong to the privileged."

--The direct consequence is that the strike as a means of exerting pressure becomes the pressure instrument of an elite of employees, which can accomplish its particular interests at the expense of the mass of employees.

--A broad de-solidarization among the employees, to which the unions to some extent--with the exception of obsolete slogans of the class struggle--have nothing to oppose, calls into question the entire collective wage agreement system.

In the disputes over the introduction of the 35-hour week, the Metalworkers Union had to pay dearly for its experience. At the conference of shop stewards last November, the officials of the Metalworkers Union complained about the inadequate motivation of the employees in the enterprises for the 35-hour week and, above all, for the strike. Top officials of those unions of the German Labor Union Federation which, as it is, do not think much of the general reduction of the weekly working time registered the alienation between base and union leadership among the metalworkers with a certain malicious pleasure. For they had--as perhaps the chairman of the Chemical Industry Labor Union, Hermann Rappe or the chief of the Union for the Essential and Nonessential Foods and Beverages and Restaurant Industry (NGG), Guenter Doeding--urgently warned their colleagues in the Metalworkers Union against collective escapades and for their part--successfully--had wagered on the reduction of the lifetime working time.

"Up to now collective wage agreements had to guarantee a vital minimum amount of employee rights," Norbert Bluem, minister for labor and social affairs and member of the Metalworkers Union sums up. "Every move in the direction of greater flexibility would have entailed the danger of pushing employees under the minimum. Only: The social reality of the Federal Republic of Germany can no longer be encompassed and shaped." And Guenter Doeding, chief of the Union for the Essential and Nonessential Foods and Beverages and Restaurant Industry, goes still a step further: "The danger of permanent damage is always the

greatest when the great simplifiers are doing the talking, [when] irresponsible political-ideological semantics take the place of argumentation and conviction."

Reduced to a common denominator: The employees are no longer the classic proletariat with uniform requirements that can be centrally formulated. The more vigorously technical progress in a highly-industrialized society dissolves obsolete labor structures, the more vigorously individuality prevails. And this, in turn, requires a move in the direction of greater flexibility and differentiation.

Peter Glotz, federal executive secretary of the SPD and someone who likes best to think ahead, is leading most of his Social Democratic union friends by lengths in this respect. The more intensely new technologies disturb the working life, according to Glotz, the smaller becomes the significance of work as the factor of life determining everything for the individual. He diagnoses "a push towards individualization, which will smash the classic labor virtues and bring about a new form of industrialism." The Glotz critique of his union friends and also of his own party is harsh: "It is typical that the European working-class movement is even worse prepared for this development than capital, which supposedly is unwilling to plan."

The process of innovation, for many union members the incarnation of evil because the traditional concept of the worker utterly perishes in it, in the view of Peter Glotz, cannot be stopped. To be sure, he has a certain understanding for union members who entertain the idea of whether the technical innovations could not simply be blocked for a few decades" or, with a "policy of prohibitions", even to prevent all upheavals--be it work at home, part-time work, or relocated shift hours: "The preservation of the qualified and disciplined skilled worker as the backbone of the working-class movement is a legitimate goal." But his thoughts are already a few paces farther ahead: "The question is: Will the European working-class movement also organize the new workers?

That, indeed, is the main question for the unions. A blockade policy does not help things at all. Here, Hermann Rappe of the Chemical Industry Labor Union is farther ahead than many of his fellow [union] officials, in particular those of the Metalworkers Union. "Blockading has never been my policy and never will be", he finds concisely. "Whoever would want to hinder the progress of rationalization will experience only brief joy." Rappe's certainty rests on a sober analysis:

--The entanglement of the world economy is so close that nobody can extricate himself with impunity.

--For this reason, the Federal Republic of Germany must remain a highly-industrialized, innovation-friendly and research-oriented country.

--The foreign market is growing. As an export-dependent country, therefore, the Federal Republic of Germany must do everything to remain competitive in international trade.

--This means: Industry must time and again be encouraged not to miss anything in the way of technical developments.

Rappe sees the great chance for the German economy in the export of industry innovation. For this reason alone, he does not think much of apocalypses. "For me the future is not a picture of horror. Those who nevertheless spread fear of technical developments destroy the belief in the solvability of the problems. And in so doing he does absolutely nothing to eliminate unemployment."

Nevertheless, in the Metalworkers Union the thought process is now getting underway which the Chemical Industry Labor Union, the Union for the Essential and Nonessential Foods and Beverages and Restaurant Industry, and the Mine Workers Union have already largely completed. While in the middle leadership levels of the Metalworkers Union administration in Frankfurt officials like the scientific adviser Helmut Schauer are indefatigably enlisting support for the idea of meeting the new challenges with accelerated class struggle and the clear exposition of the question of social power, others are coming around to facing the unavoidable.

A program [called] "Work and Technology" cautiously and rather half-heartedly, but at least once and for all confronts the problems of the future working conditions. Karl-Heinz Janzen, responsible for social policy on the executive board of the Metalworkers Union, does assert that this work program for the coming years is "no machine-storming program". But yet it contains massive provisos, which even at present no longer measure up to reality. Thus industrial robots are to be used only on a limited basis, for example in so-called "wear-and-tear jobs". Janzen adds: "There are forms of technology which we reject." But the dam is broken, there is no longer a general No to industrial innovation.

To be sure, no Metalworkers Union member would be prepared for the kind of concessions made by Hermann Rappe of the Chemical Industry Labor Union, who--while regarding new forms of co-determination on the job as useful--by no means wants to interfere with or even impede the enterprise's decision in favor of rationalization and innovation. He advocates the position which Peter Glotz sketched in his concept of the "socially-steered innovation", even though he did not originate it: Whoever wants to be in control of the development must take part in it--with all its consequences.

#### Older Officials Have Nothing To Do with the New Technocratic Middle Class

Above all, in the sphere of the chemical industry, Rappe has long since adjusted to a development which appears to strike other labor unions like a lightning bolt out of the blue. The ratio of workers and salaried employees is shifting more and more in favor of the latter. During the coming year, the salaried employees, with a total of about 10 million, will have already drawn even with the workers. But the number of the salaried employees organized in the DGB [German Labor Union Federation] unions does not at all correspond to this development. Only 1.7 million salaried employees (equal to 19 percent) hold membership in the DGB unions.

This trend becomes even more unsatisfactory for the German Labor Union Federation when the "Third Industrial Revolution" decimates the army of workers still further and produces correspondingly more salaried employees. The Trade, Banks and Insurance Union (HBV), which vies for the same clientele with the German Salaried Employées Union--a union that is not a member of the German Labor Union Federation--but in so doing has always done much worse, wanted to know the plain truth. The social scientists of MARPLAN [social research corporation] entrusted with this task did in due course unearth the fact that some unions--not only the Trade, Banks and Insurance Union--have evidently slept through the signs of the time.

According to MARPLAN, a new middle class is developing "without the traditional ideological tie, but definitely interested in social policy and with an individualistic attitude to leisure and family". According to MARPLAN, people are indeed interested in strong unions, because their protective function is regarded as important. But this interest is purely pragmatic and the membership in a union beyond this is not supposed "to include any ties, least of all ideological ones." The trade union official is supposed to inform, but not to agitate.

This analysis alone makes clear what a long distance some of the unions of the German Labor Union Federation still have to travel if, in the future, too, they intend to play a role in social policy. To raise the question of power in the state, according to Hermann Rappe, is the incorrect method here. A labor union that wants to survive must recognize developments in good time and be intent upon helping to shape them. But every union is only as good and as smart as its leaders.

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

IMPACT OF METALWORKERS STRIKE ON KEY INDUSTRIAL SECTORS

Duesseldorf WIRTSCHAFTSWOCHE in German 21 Dec 84 pp 74-77

[Unattributed article: "Impulses from Abroad"]

[Excerpts] The metal industry strike played havoc with a good many optimistic forecasts for 1984. Nonetheless, industry generally has had a good year. The upward trend domestically and internationally holds out hope—except in the construction industry—for large sales and high profits in 1985 as well.

Machinery

The machinery industry needed only one month to make good the shortfall in production caused by the strike. Thus, the labor dispute in the metal industry held up economic recovery only temporarily. The machinery industry will grow by two percent this year.

Exports, based on strong demand abroad, account for more than 60 percent of production. The United States is the biggest export market. Sales of German-made machinery climbed by 19 percent—an almost unbelievable jump in these times of pessimism about growth. The favorable dollar exchange rate made the price of the German equipment more competitive.

French sales are of almost equal importance to the industry. This raises hopes for 1985, particularly if the French economic recovery should continue. Under the circumstances, a 6-percent rise in production does not seem excessive for 1985. The outlook would be even better, if the domestic construction industry did not act as a damper.

As before, the industry is worried about the fact that the individual firms do not have enough capital of their own. The average for the German machinery industry is 17.5 percent as compared to 28.5 percent in Japan and 43 percent in the United States. This relatively poor position might act as a hindrance in efforts to modernize production facilities which the industry must do in order to be able to compete on the world market. But that takes a great deal of money. But the industry's

most recent achievements have restored its confidence in the future. Next year, investments should increase by 10 to 15 percent.

#### Electrical Industry

In the electrical industry, business began to pick up substantially above all in the second half of the year. Production in real terms climbed by 7 percent which even the most optimistic industry analysts had not dared to predict. The strongest impulses are coming from the future-oriented sectors of the industry such as communications, data processing and—not to forget—electronic components.

The high research costs seem to be paying off by now in that they have distinctly enhanced the industry's competitive position vis-a-vis foreign firms. But the remarkable performance by this sector of industry should not lead anyone to believe that there are no problem areas any more. There are problems, above all, in the entertainment electronics field which has not participated in the general upswing. But there already are so many orders for communications and data processing equipment that the production facilities will be busy far into the coming year.

#### Petroleum Processing Industry

Though the oil industry was able to turn around the downward trend which started in 1979 this year, it did not as yet achieve a lasting improvement in sales and profits. There was a short-term rise in demand in light heating oil last summer—up by 70 percent in July and 13 percent in August. Sales of diesel fuel are stagnating and sales of heavy heating oil are down substantially.

As in 1983, additional crude oil processing plants were shut down this year. Adjusting refinery capacity to actual demand has raised production levels of the individual plants but profits are still completely unsatisfactory despite the wide-ranging rationalization programs already undertaken. The oil industry tried in vain in 1984 to sell its gasoline at prices which cover production costs. But almost 20 rounds of price increases have not been enough to get the industry out of the red. And yet it is this very sector which **must** provide the capital for additional investments. The construction of a countrywide network of filling stations capable of providing lead-free gasoline would call for an expenditure of about DM 1 billion.

In spite of huge investment programs, the industry as a whole can hardly expect to increase sales. According to an energy demand analysis conducted by Prognos Ltd of Basel, Switzerland, the number of filling stations will decline by a good one-fifth from the present 21,000 by the year 2000. In other words, the "getting away from oil" trend will continue.

### Chemical Industry

The chemical industry played its traditional role as the vanguard of the economy in an exemplary fashion in 1984. Registering a better than six percent gain in production, it substantially exceeded the industry average as it did the year before. In fact, 1984 was the best year ever for the industry. The reason for the booming business was the tremendous demand from abroad most of all. Export volume rose by about 19 percent.

Particularly lucrative markets were the United States and Japan. Domestic sales were not as plentiful. The formaldehyde debate and the lengthy labor disputes in the metal and printing industry had an adverse effect on the business climate. In addition, production and sales differed widely in the various sectors of the industry. While business was better than average in industrial chemicals, plastics and fibers, it was disappointing in paints and above all in fertilizers.

As in 1984, the chemical industry will be spending more next year on expanding production facilities than on rationalization and replacement. This will create additional jobs. But it is open to question whether the industry will be able to achieve gains in production and sales this year to equal those achieved in 1984. In view of the large share of exports in this industry the balance of payments deficits and debt problems of many of the customer nations must be considered rather serious risk factors.

### Iron and Steel Industry

This industry, which has been in the midst of a crisis since 1975, took a big step forward this year. After 4 years of decline, the production index finally rose again—by almost 10 percent. One should not forget, however, that crude steel production stood at an all-time low of 35.7 million tons in 1983. The rise in output also invigorated investments which rose by a double digit figure.

But despite the fact that the industry was receiving more orders once again and that production was on the rise profits in 1984 were not what they ought to be. It was not until steel prices were raised by DM 30 per ton on 1 October that the firms finally began making a profit. But for many of them the price increase came too late to make the annual balance show a profit. In 1984, the industry continued its successful buildup of capacity which was reflected, along with the rise in output, in a rise in plant utilization up to more than 60 percent.

Next year, the industry is likely to equal the 1984 production levels or even to increase them slightly. But there are no indications of its being able to repeat the strong growth rates of this past year. The industry's major customers such as the construction and automobile industries are scarcely expected to provide any additional impetus. Another factor which affects the industry adversely is the reduction of the work week from 40 hours to  $38\frac{1}{2}$  hours as of October 1984. On the other hand, the upswing in the machinery industry is likely to bring in heavy orders from that sector. The steel construction industry, another important customer of the iron and steel industry, is also looking ahead to better times.

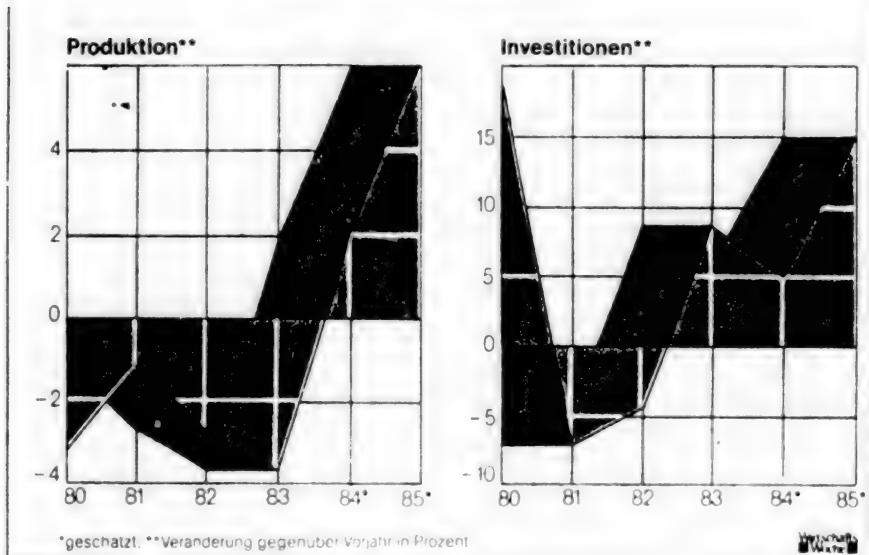
#### Car and Truck Industry

The metal strike has hit the automobile industry hard. Some 450,000 vehicles worth more than DM 10 billion could have been built during this period, if production had not ceased. In June alone, the automobile retail trade lost about one-third of its business because it was unable to supply its customers with vehicles in sufficient numbers. They were unable to make that good in the months that followed with the result that many a car buyer simply bought a foreign-made car instead.

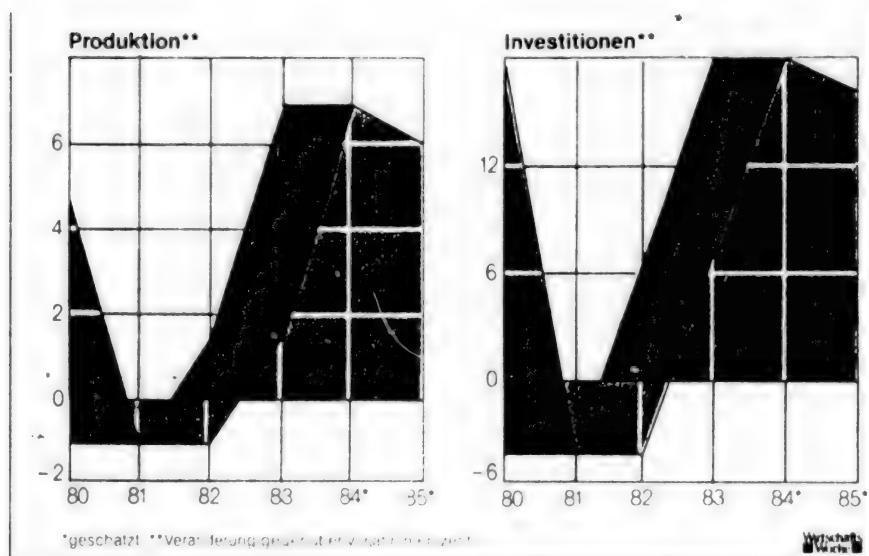
Only slight damage was done to export sales by the strike. At the end of 10 months, 1.9 million passenger cars and trucks had been sold abroad--which was only two percent below last year's sales figures. But the strike has probably ended all hopes of raising output by 3 to 3.5 percent in 1984. Maintaining the 1983 production level would already be an achievement. The outlook, however, is that there will be a slight decline.

The outlook for 1985 is somewhat better. For the time being, there is no indication of a decline in exports. The domestic market, on the other hand, offers some cause for concern. The debate centering on the catalytic converter cars has apparently introduced an element of uncertainty and caused the customer to adopt a wait-and-see attitude. Rapid conversion of filling stations to lead-free gasoline and straight talk about the possibility of such conversion would probably go a long way toward overcoming this uncertainty. In any event, output next year should exceed the 1984 production figures. But if it increased by more than one percent, that would be a pleasant surprise.

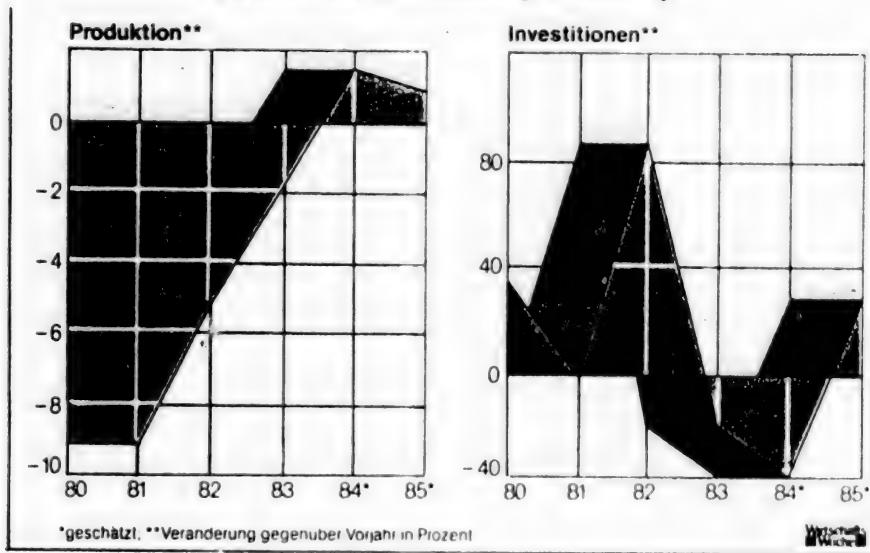
### Machinery Industry



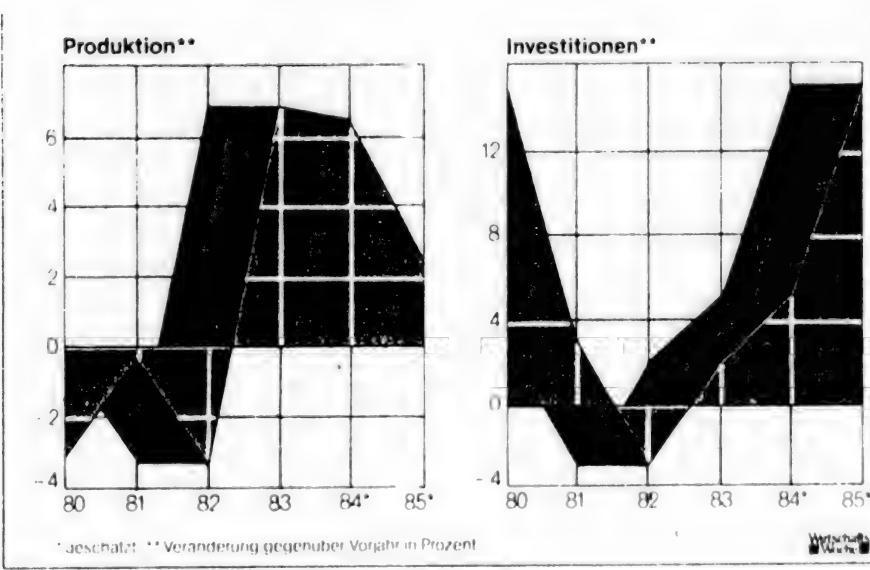
### Electrical Industry



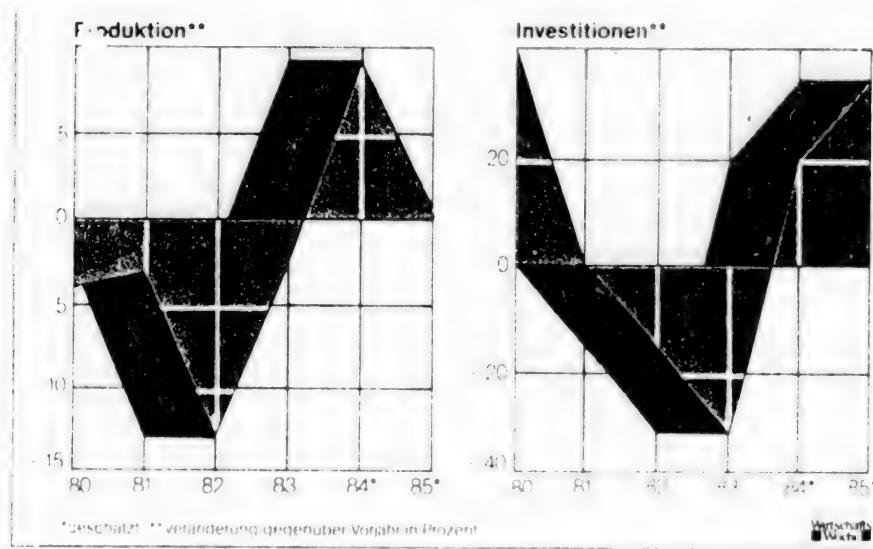
### Petroleum Processing Industry



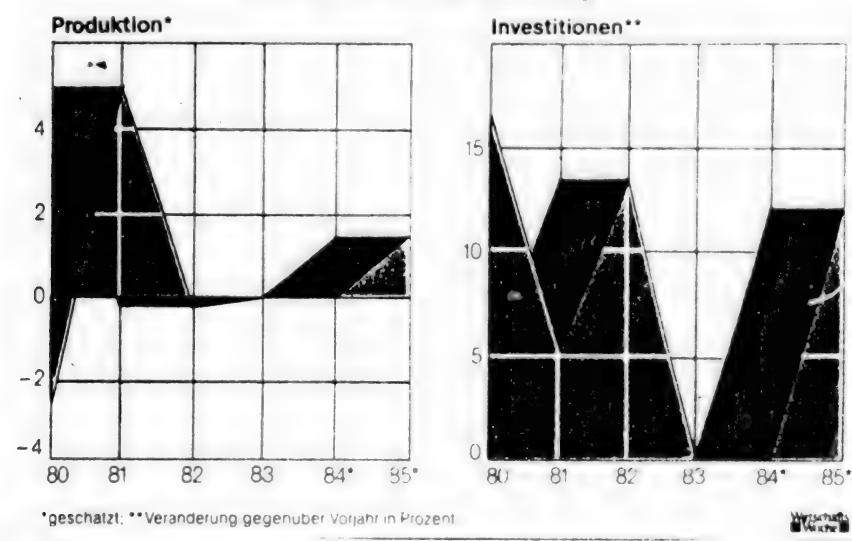
### Chemical Industry



### Iron and Steel Industry



### Car and Truck Industry



#### Key:

1. Production
2. Investments
3. Estimated percentage change as against previous year

94/8

CSO: 3620/238

ECONOMIC

FEDERAL REPUBLIC OF GERMANY

EXPANSIONARY MONEY SUPPLY POLICY HELD POSSIBLE IN 1985

Duesseldorf WIRTSCHAFTSWOCHE in German 21 Dec 84 p 54

[Article by Prof Dr Norbert Walter: "Money Policy--Looking for New Models"]

[Text] The money policy of Deutsche Bundesbank has not helped much thus far in stabilizing economic development in the FRG. To Prof Dr Norbert Walter of the Kiel Institute for World Economics, expansionary money supply seems likely in 1985.

There have now been money volume targets in the FRG for 10 years. Observers often think that is the same as a monetaristic money policy. But that is not so. Money policy lead targets, if the median values of the leads had been advised and kept, would have led to a steady expansionary money supply that would gradually have diminished the inflationary leeways and would not have interfered with growth. The actual money policy did not keep to that course. Instead --as before 1974--it remained unsteady and is likely to have contributed itself to the unsteadiness of the domestic demand development. The latter, of course, was not intended by the Deutsche Bundesbank, but rather an unwanted by-product of a policy that at any given time served, ad hoc, goals appearing important to the Bundesbank, such as influencing the rate of exchange or the wage or economic policy: The Bundesbank has behaved and still behaves like the old time "free safety" of economic policy.

If in 1982/83 the threatening international debt crisis and the domestic recession induced the exceeding of money policy goals, in 1983/84 the new rise in the dollar rate, and possibly also the militancy in tariff disputes, caused an extremely weak expansion of the money supply. This becomes much clearer from changes in money supply in the narrow sense of the term (M1: cash and sight-bills in non-banks) than from the much less sensitive Zentralbank money volume, the Bundesbank's chosen indicator for money policy.

This money policy, as outlined, has affected the domestic demand as in the past: after the usual delay, in consequence of the expansionary policy of 1983/84, the domestic demand got stronger. The effects of the monetary brake policy since the fall of 1983 cannot be clearly made out on account of the statistical smoke-screens complicating an analysis of the whole course of 1984 in the form of all sorts of special factors. A number of indicators, however, like domestic orders received, the Ifo business atmosphere or the notation of shares, indicate a weakening of the boom.

What the future course of the money policy will be is hard to estimate at the turn of the year although the Bundesbank--articulating a resolute stability-oriented policy--has reduced the expansion of money supply for 1985 to from 3 to 5 percent. What one cannot ascertain as yet is due to uncertainties about the international interest trend, the dollar and the domestic recovery and employment development. And furthermore, neither the time nor the scope nor the accompanying circumstances of a possible exchange rate adjustment in the European Currency System are yet known. Old patterns do not fit so well anymore in this matter, since Socialists in France are engaged in their austerity policy and Italy is engaged in truly emphatically opposing inflation.

Looked at from this point, a certain relaxation of the restrictive money policy till fall 1984 seems to be most likely for the annual average of 1985. That is suggested by that the quieting down of the boom in the United States somewhat reduces interests there which, in turn, does make at least no record heights of the dollar rate probable. Another argument might be that even the Bundesbank does not think the economic dynamism in the FRG quite as firm for the time being as its fall 1984 publications suggested. Certain steps toward a policy of monetary relaxation have, furthermore, already been seen recently in the Bundesbank's money market business.

If there is still value in old pattern, the pressure to correct the competition disadvantages of our European partner countries by means of an exchange rate adjustment in the Economic Currency System will soon intensify. That will be all the more so, the faster advances are made there in stabilization and the more painful they think there that sales and employment problems are.

Yet there is much to indicate that the exchange rate adjustment is not done in anticipation by the governments but not until there comes pressure on the foreign exchange market. But that would mean for the Bundesbank to be forced into intervention some time soon and expand the domestic money supply. This monetization in the course of next year would coincide with paying out the once again higher Bundesbank profits to the Federation.

The greatest risk that things could be different lies in the political area. If the reelected U.S. president pushes his policy of strength, and if at the same time, possibly after some Landtag elections, it becomes the internationally predominant opinion in the FRG in the spring of 1985 that the FRG is lacking a dynamic, economically progressive orientation, and if then even neutralist ideas gain ground, the U.S. currency could get stronger or the mark get weak again. In such a case one would assume the Bundesbank to go into more of an exchange course-oriented money policy. The rather scarce money policy would then be continued.

With our export volumes we would continue to do well, but our terms of trade are likely to worsen. In other words: Germans, to be able to keep their purchases up, would have to work longer and harder.

ECONOMIC

FINLAND

PREDICTIONS FOR 1985 ECONOMIC PERFORMANCE REVISED DOWNWARD

Helsinki UUSI SUOMI in Finnish 10 Jan 85 p 21

[Text] Forecasters of GNP growth for 1984 admit that they were too optimistic with the predictions they made earlier. Now they estimate that growth has been less than predicted.

According to those who formulated the forecasts, the evolution of investments was not anticipated. Above all high interest rates for new loans and the cost of market money has affected investments.

The KOP [National Joint-Stock Bank] predicted a growth rate of 5 percent for the GNP. Department head Heikki Koivisto estimated that growth during the whole year was slightly over 3 percent, according to the forecast figures prepared by the Statistics Center. Even if there are the same errors in these figures as in the earlier ones, the growth rate will turn out to be over 4 percent in the final figures.

Koivisto estimated that this year would be a bit better, but emphasized that, in making his predictions, he was keeping in mind those risks produced due to little experience with predicting investments in such a situation.

In addition to the above-mentioned reasons, the SYP's [Businessmen's Party Organization] Kalevi Kosonen felt that one factor involved in the forecast errors is changes in company investments. The main emphasis in investments has been on "soft values," which does not usually show up in the figures.

According to ETLA's [Economic Research Institute] Pentti Vartia, their 4-percent forecast seems to be rather optimistic. For this year he gave the same figure of 4 percent, which is based on the assumption that interest rates will drop lower and that investment activity will revive.

"The upper margin of our forecast is probably 5 percent," Pekka Sauramo of the Workers Economic Research Institute (TTT) said. He too felt that the biggest reason for forecast errors is miscalculated investments.

Pertti Kukkonen, the director of the Pellervo Economic Research Institute (PTT), admitted that forecasts generally overestimate the vigor of an economic upswing.

According to him, the actual situation nevertheless has begun to be apparent following the second half of the year.

Old Forecasts for 1984

<u>Item</u>	<u>VVM*</u>	<u>TTT</u>	<u>SYP</u>	<u>PTT</u>	<u>ETLA</u>	<u>KOP</u>
	17 Feb	4 Apr	5 Apr	13 Apr	18 May	10 Oct
GNP	+3.5%	+5%	+4%	+4%	+4%	+5%
Investments	+5%	+6%	+6%	+3%	+3%	+3%

\* [Finance Ministry].

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ECONOMIC

FINLAND

#### FOREST INDUSTRY CLEARLY IN SLOWDOWN

Helsinki HELSINGIN SANOMAT in Finnish 17 Jan 85 p 28

[Text] Published on Wednesday, the Industrial Confederation's (TKL) economic forecast is already warning us of the advent of a recession. According to a poll conducted in December, only 9 percent of industry expects the economic situation to improve any more in the near future, while 67 percent thinks the situation will remain unchanged and 24 percent predicts that the situation will get worse.

According to the economic forecast, a small improvement is still apparent in the textile and clothing industry, the metal industry and the chemical industry. In the construction sector they think that the situation will continue to get worse and the situation in the forest industry is now clearly going into a decline.

At the end of last year industrial production was still increasing and exports rose, but, according to the forecast, growth seems to be slowing down. Changes in volume of orders and finished product inventories are small. Investments have not yet begun to rise either and the number of workers has to some extent declined.

"According to the forecast, industry's economic expectations were optimistic at the end of last year and since the beginning of the year we have been cautiously optimistic, but we are already getting cautious," manager Pirkko Lammi of the TKL said. He too felt that the economic situation would begin to get worse during the second half of this year.

The launching of investments has not happened; instead, according to the forecast, it is estimated that investments are still very close to nil, or at the same level as last year. Industrial production climbed at the end of last year as expected, but early this year it is expected to drop slightly below the level it was at at the end of the year, in part for reasons of a seasonal nature.

However, all of the chief factory industry sectors believe their production volume will once again increase during the spring season; only the construction industry expects a slight decline at that time.

When the year ended, industrial capacity was somewhat more idle than it was 3 months before then, that is, in 54 percent of industry, and it is estimated that the percentage will continue to rise during the next 6 months. Unemployed capacity is increasing particularly in the forest industry; the metal industry and the chemical industry also expect increases.

The volume of industrial orders is somewhat lower than normal. At the end of the year the volume of orders remained on the average at the same level as before. Primarily the chemical and textile industries received more orders; the decline was in forest industry and construction industry orders. They predict that the volume of orders will drop slightly during the early part of this year.

The construction, forest and chemical industries expect a decline in order volume, while the textile and clothing and metal industries expect an increase.

The industrial labor force was reduced to a certain extent at the end of last year. In the clothing and construction industries, however, the labor force increased and in the chemical industry they state that there are more workers than there were a year earlier. At the start of this year the industrial labor force seems to be declining in all sectors except the clothing industry. To be sure, not a very big decline is expected, especially in the metal industry where the downward trend is very slight.

According to the forecast, imaginary fears concerning production have lessened a bit. About 15 percent of industry expects there to be a shortage of skilled labor, once again especially the construction industry and the textile and clothing industry. About 7 percent of the respondents still have financing difficulties; however, no more than 5 percent of industry has a shortage of capacity.

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ECONOMIC

FINLAND

## INDUSTRY LEADERS EXPECT ECONOMY TO SLOWLY COOL DOWN

Helsinki HELSINGIN SANOMAT in Finnish 17 Jan 85 p 28

[Text] In industry's opinion, the economy will begin to slacken before the upswing has gained momentum. On the occasion of announcing its economic forecast on Wednesday, the Industrial Confederation (TKL) confirmed the evolution it had warned would occur as early as on the same occasion in October of last year.

"I want to junk the myth that things here have been going exceptionally well," TKL general manager Timo Relander said on Wednesday. As early as 3 months ago Relander stressed the fact that the anticipated economic upswing never materialized.

In October Relander lashed out against the peculiar economic policy that has been pursued, but he did not spare the Bank of Finland either. This time Relander particularly criticized the Bank of Finland, but the economic policy that has been pursued was not left uncriticized either.

According to Relander, the Bank of Finland chose the wrong course of action in connection with the raising of daily interest rates over a year ago. The tight financial and monetary policy has reduced growth of the domestic demand. "According to the latest statistical data, last year was the fourth year in succession in Finland of rather weak economic growth and, despite the favorable evolution of exports to the West, the upswing was a moderate one," Relander said.

According to Relander, the turning point occurred as early as the third quarter of last year, the rate of overall production growth for which was only 1.4 percent. "Growth estimates of 4 or 5 percent proved to be unfounded and the TKL's mild pessimism justified," Relander remarked.

The growth rates for the past 4 years averaged only 2.5 percent. "This constitutes a threat to the nation's whole social policy and the other development programs," Relander warned.

He hoped for a particular drive for investments. Otherwise, there is a danger that the light international economic upswing will not reach Finland at all.

this time. Relander recalled that that is what happened in the mid-1970's with consequences that were damaging to the national economy.

#### Central Bank's Wrong Policy

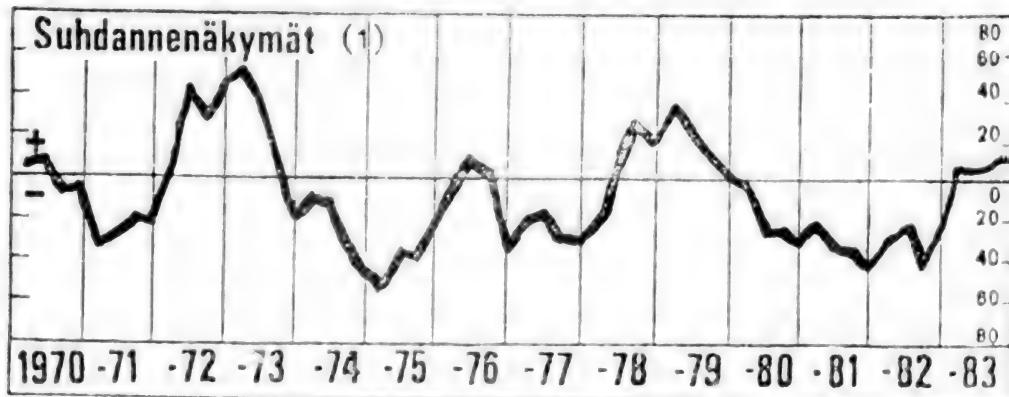
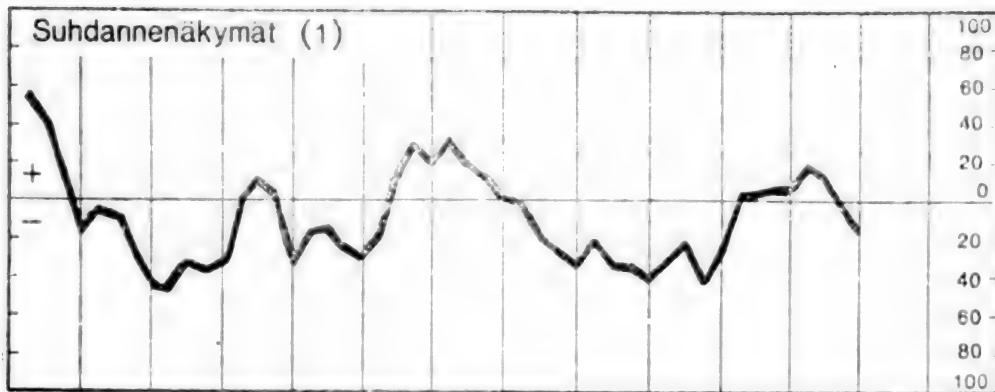
Relander wondered why the Bank of Finland well over a year ago chose a policy in which daily interest rates on credits "were raised so high." According to him, they could have combatted inflation with lower interest rates too. According to Relander, industry has no particular expectations as regards inflation either.

In connection with its economic forecast, the TKL too questions the validity of expectations concerning industrial inflation. The results have, however, so far not been published because, according to the TKL, there is not yet a sufficiently large body of data. Relander assured us that the fear of any expectations of industrial inflation is unfounded.

In addition to criticizing the Bank of Finland, Relander criticized the economic policy that has been pursued. He especially found fault with the increases in labor and electricity taxes imposed last summer. Elsewhere, at the Finance Ministry, they are at present drafting measures by means of which they are trying to stimulate the investments the TKL so earnestly desires.

Relander was of the opinion that a rapid lowering of daily interest rates would stimulate permanent investments. Thus they would be better able to compete with market investments. According to Relander, investments in industry rather than merely a slight drop in the basic interest rate.

"As regards interest rates on short-term loans, there is an especially big difference between Finland and foreign countries. The Interbank interest rate on 3-month Eurodollar loans is 8.5 percent, whereas Finland's daily interest rate is 14.6 percent and, furthermore, the markka's Eurodollar interest rate, which has rapidly dropped these past few days, is 13 percent," Relander said.



Key:

1. Economic prospects.

The two accompanying graphs indicate the changes in business firms' expectations that have taken place during this past year. Hopes were higher a year ago, as the lower graph indicates.

11,466  
CSO: 3617/59

ECONOMIC

FINLAND

BRIEFS

CABLE SHIPS TO USSR--Wartsila will be supplying the Soviet Union with two cable ships in 1986. The contract is worth over 200 million markkas. The ships are expanded versions of the "Emba" type cable ships previously supplied by Wartsila. The contract was signed by general manager O.S. Krepotov for the Soviet ship import company, Sudoimport, and department head E.A. Litov of the Soviet Union's trade delegation to Finland. Minister Tankmar Horn, the chairman of the board, and Martin Saarikengas, the manager of the Helsinki shipyard, signed for Wartsila. Present on the occasion were also Soviet First Deputy Minister of Foreign Trade N.D. Komarov, who has arrived in Helsinki for a meeting of the Economic Commission, and Soviet trade delegate V.I. Vorontsov. The ships are 86.1 meters long and 12.6 meters in the beam with a dead weight of 800 tons and a speed of 11.8 knots. They are equipped with 1,600-axle-kilowatt diesel-electric engines. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 10 Jan 85 p 27] 11466

USSR PURCHASING RESEARCH SHIPS--Valmet's Laivateollisuus Oy [Ship Industry Company] is selling Sudoimport four research ships. The ships will be delivered to the orderer in 1986 and 1987. The sale is worth 150 million markkas. The ships are designed for scientific research and weather station service. Their equipment is especially intended for weather and water studies and environmental pollution control. Among other items, the ships' equipment includes modern devices for studying the interaction between the ocean and the atmosphere as well as versatile boat equipment. The ships are 50 meters long, 10 meters in the beam and they draw 870 tons. Valmet's Laivateollisuus is specialized in research ship construction. Operating in Turku, Laivateollisuus has been selling Sudoimport special ships for many years now. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 10 Jan 85 p 27] 11466

DOC: 4617/59

ECONOMIC

GREECE

PASOK, ND VERSIONS OF EUROPEAN BANK LOANS

Athens 1 KATHIMERINI in Greek 14 Feb 85 p 9

[Text] The Ministry of National Economy announced that there is no drop in the demand for loans by the European Investment Bank and that, in 1984, specifically, Greece obtained a total of 344.8 million European Accounting Units [EAU] and not 165 million as the ND alleges in a statement.

The ministry's announcement reports, among other things, that:

"According to the official data of the Greek government as well as of the European Investment Bank, which were published in its official press bulletin of 22 Jan 1985, our country signed agreements totaling 344.8 million EAU in loans. This amount is broken down as follows: a) 275.5 million EAU from the bank's own funds and b) 69.3 million EAU from funds of the New Community Organization (NIC), which is managed by the European Investment Bank.

In 1982 and 1983 the PASOK government sought and obtained contracts for loans totaling 458.5 million EAU and 449.6 million EAU, respectively.

The relative drop that is observed for 1984, in comparison with 1982-83 period, is due to the fact that Greece during that period contracted a loan with the European Development Bank for 80 million EAU from the funds of NIC for the restoration of the road and railroad network that had been destroyed during the February 1981 earthquakes as well as the rebuilding of school and residential buildings. It is, therefore, clear that in 1984 there were no adverse circumstances similar to those that contributed to the resorting to foreign loans of 80 million EAU."

The ND Data

In yesterday's communique ND reported among other things, the following:

On 5 Jan 85 the reliable Brussels daily EUROPE published the official data of the European Commission according to which Greece collected during 1984 payments from the European Community of 1.4 billion EAU. In addition, it received loans of 146 million EAU from the European Investment Bank and 18 million from NIC." That is a total of 164 million EAU. Therefore, the amount reported by New Democracy is completely accurate."

"If, however, the administration dares have a debate on the subject of the European Community, we challenge it to a debate in the Chamber of Deputies or on television and we state that New Democracy, by introducing new inquiries, will set in motion an inquiry into this subject. Hence, the administration will not be able to avoid a 'face to face' debate and the Greek people will thus have all the data with which to judge its policy."

9731  
CSO: 3521/174

ECONOMIC

GREECE

PAPANDREOU'S MOSCOW VISIT ECONOMIC RESULTS ANALYZED

Athens I KATHIMERINI in Greek 13 Feb 85 pp 4,7

[Text] In addition to the political significance the administration is attributing to Papandreou's Moscow visit, the results of the talks on the general subjects of trade, economic, technical and scientific relations of the two countries are awaited with interest. Although the majority of these relations are governed by the regular meetings of the Joint Intergovernmental Greek-Soviet Commission for Economic and Industrial Cooperation--the next (4th) meeting is expected to take place in Athens in June--the current talks and contacts aim at further promoting certain matters and to solving eventual differences. Thus, three new agreements are to be signed--one on the merchant marine, one on highway transport and one on social security--as well as the final agreements for aluminum (which cover the trade aspect for the sale of aluminum to the USSR).

The subject of building an aluminum plant, most probably in Domvraina Voiotias and the sale of the product to the Soviet Union, which will use it for the production of aluminum, is evidently, at the most advanced stage among the new areas of cooperation with the USSR. The cost of the aluminum plant, which will operate as a Greek government enterprise, is calculated to be 450 million dollars and will be built with Soviet technical and economic assistance. The prospects in the tourist cooperation sector appear equally positive, and, in that regard, Greek firms under EKETE [Greek State Company for Technical Projects] will build hotel units in the Soviet Union for a total value of 140 million dollars. (The respective agreement was signed in Athens in November 1984).

The degree of Greek-Soviet trade relations, reliable economic circles observe, has increased steadily in the past 3 years despite the unfavorable conditions in the distribution of marketable materials and the shrinking of international trade. From the attached table, where the respective amounts are shown, a significant change is observed in the balance of trade, in Greece's favor, since 1981. Greek exports to the Soviet Union consist mainly of bauxite, tobacco, oranges, raisins, hides, cotton, shipyard repair work and early wines, while Soviet exports to Greece consist of petroleum, farm equipment, electrical items, printing presses, coal, electricity and, lately, road-building equipment (SYKEA [Military Service for the Construction of Reconstruction Projects] procurement).

Lately, efforts are being made both by YPETHO [Ministry of National Economy] and by the interested industrial associations to promote manufactured goods in the Soviet market--as opposed to current exports which consist mainly of raw

materials. A further aim of the government's present policy regarding our exports to the Soviet Union, responsible government representatives observe, is to achieve a diversification of Greek products and the greater promotion of processed goods, such as, textiles, shoes, ready to wear clothing.

The above mentioned representatives observe that the Soviet Union offers a tremendous consumer potential that, however, has not yet actually opened. The present capabilities of light Greek industry, though, appear to be well-suited to the needs of the Soviet consumer market.

#### The Energy Sector

The cooperation of the two countries in energy matters is of special interest in the Greek-Soviet relations. As is known, Greece is a traditional customer of the Soviet Union for petroleum products with imports that began about 25 years ago. Every year Greece imports considerable quantities of oil (approximately 2 million tons) that cover almost 25 percent of its entire oil requirements. For 1984 the value of the imported Soviet oil was calculated to be 400 million dollars and, as stated by responsible sources of the Ministry of National Economy, this amount is significant enough in order to justify the use of petroleum by the Greeks as a negotiating factor, especially at a time when international petroleum prices have fallen significantly and there is a glut both in OPEC producing countries and others outside the cartel as well.

In addition to petroleum, about 2 years ago Greece began to purchase significant quantities of coal and electricity. The latest coal import consisted of 400,000 tons for the DEI [Public Power Corporation] from the Kouzneski coal mines to be used in mixed burners of steam power plants in Northern Greece. According to reliable sources in DEI, the Russian coal produced satisfactory results and the purchase of additional quantities is under study. The price of Russian coal is considered especially favorable (37 dollars per ton CIF) as compared to coal from other sources (mainly American and Australian) which, because of distances, is burdened with extra expenses for transportation.

In the area of electrical and mining equipment, there is already a close co-operation both with the Soviet Union and other Eastern countries. Many of the oil-burning and thermoelectric plants of DEI use generators and turbines made in the Soviet Union, with the last example being the DEI order for two large units of 300 megawatts for the Agios Dimitrios in the Kozani power plant. There are sufficient indications that DEI will proceed, in cooperation with Soviet firms, in the procurement of small and medium-sized hydroelectric units.

#### Natural Gas

Finally, the potential for purchasing natural gas from the USSR, an idea that began to be explored under the Karamanlis government in 1978, constitutes one of the interesting developments in Greek-Soviet relations. Greece, unfortunately does not at present have a substantial natural gas distribution system so it finds itself at a disadvantage in the negotiations in the overall matter of purchasing natural gas, in view of the fact that such a decision would presuppose the building of a domestic natural gas pipeline which is expected to follow the route Skopje-Kavala-Salonica-Athens (see our detailed analysis in KATHIMERINI, 9-10 September 1984).

The linking of Greece with the Soviet Union through a natural gas pipeline, which, in its first stage, is calculated to supply 2 billion cubic meters a year, will constitute one of the most serious negotiations with the Soviets in the context of the long-term planning of the economic and political relations of the two countries.

The matter of procuring natural gas from the USSR is especially timely and serious because of the continuously increasing energy consumption in Greece, on the one hand, and because of the relatively high investment cost that is estimated to reach more than one billion dollars, on the other hand.

Although no spectacular results are expected in this area during the current talks, it is, nevertheless very probable, according to well-informed sources, that a decision may be reached to work out plans for the pipeline and the agreement on a timetable.

#### Scientific Cooperation

With the signing of an agreement of Greek-Soviet cooperation on matters of research and technology (Athens, December 1984) several cooperative programs have already begun, especially in the fields of energy, medicine, geology, seismology and building engineering. In addition, new objectives for common programs with the Soviets have almost been finalized in the fields of computer information, biotechnology, geophysics and public health.

Speaking to KATHIMERINI just prior to his departure for Moscow, minister for Research and Technology, Prof. Lianis, observed that special emphasis is placed, in the context of this cooperation, on the participation of Greece in fields where it can demonstrate some significant experience such as in computer information and electronic computers, biotechnology and solar energy. An effort is being made, Mr. Lianis continued, for cooperation between the two countries in similar fields of knowledge and experience.

Although it is difficult, at this stage, to evaluate correctly the economic and trade advantages that Mr. Papandreu's current visit to the Soviet Union will engender for Greece, diplomatic and economic circles observe that it is probable that the Soviets may be willing to make concessions on several points in order to obtain more substantial political gains for themselves.

Table 1. Greek Imports and Exports With the USSR (in millions of dollars)

Year	1981	1982	1983	1984
Greek exports to the USSR	74	141	142	140
Imports from the USSR	94	81	108	120 (approx)

The above data do not include Greek imports of petroleum from the USSR. In 1984 these imports alone are calculated to be 400 million dollars.

Source: Ministry of National Economy

ECONOMIC

SPAIN

PERTINI CLAIMS TO BE SOLE SUPPORTER OF SPAIN'S EC ENTRY

Madrid EL PAIS in Spanish 30 Jan 85 p 11

[Excerpt] Madrid--Yesterday, at 1600 hours, the president of the Italian Republic, Sandro Pertini, departed for Rome, after a private 30-hour visit to Madrid, where he was awarded an honorary doctoral degree by the Complutense [Alcala de Henares] University. Before proceeding to return, Pertini held a 10-minute protocolar meeting with the prime minister of the Spanish Government, Felipe Gonzalez. Upon its conclusion, Gonzalez emphasized President Pertini's support in removing some barriers to Spain's entry into the Common Market.

The Spanish prime minister also announced the coming visit to Spain by his Italian counterpart, Bettino Craxi, who is acting president of the EEC during this quarter, to study the problems that have arisen in the process of integration in the community.

Pertini, for his part, declared: "Spain should join the European Community. Within a short time, when I address the European Parliament in Strasbourg, I shall again insist upon the entry of Spain, which should be part of Europe, because it is a great nation, with a great people." Nevertheless, he expressed regret that he was "the only politician in Europe who so persistently supports Spain's entry."

2909  
CSO: 3548/85

ECONOMIC

SWEDEN

BRIEFS

SOVIET ORDER TO SKF STEEL--SKF Steel has received an order from the Soviet Union for ball bearing rods and structural steel for 55 million kronor. The contract was signed 14 days ago by the Trade Representation of the Soviet Union in Stockholm. Deliveries will begin in May of this year. This is SKF Steel's largest Soviet order since trade relations were established about 10 years ago. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 6 Feb 85 p 26] 9336

CSO: 3650/172

ECONOMIC

TURKEY

## PROSPECTS, PITFALLS IN ECONOMIC RELATIONS WITH ALGERIA

Istanbul DUNYA in Turkish 20 Feb 85 p 1

[Editorial: "The Algerian Market"]

[Text] The Turkish-Algerian Joint Economic Commission will soon go into session. As a result, a large number of Turkish businessmen interested in the Algerian market have gone to Algeria.

Prospects for economic cooperation that were partially and generally discussed during Prime Minister Turgut Ozal's visit to Algeria will be turned into concrete steps to the extent that is possible.

Turkey has already formulated the steps it can take with regard to economic cooperation with Algeria. There is a large array of goods that Turkey can offer to Algeria which imports most of its basic necessities. Turkey can furthermore participate in Algeria's highly-promoted economic development program by offering contracting services in the building of dams and irrigation systems.

In fact, the principal issue that needs to be resolved is what Turkey can buy from Algeria other than crude oil. On this subject Turkey has stated that it is not unreceptive to the procedure known as "scitch." According to this scheme, the amount that Algeria would owe for its imports from Turkey would be used to finance Turkey's imports from third countries. Algeria pays its foreign debts with 6-month promissory notes which are accepted in all of Europe and particularly in France. These notes would be used to pay for Turkey's imports, and thereby Algeria would pay for its imports from Turkey.

Naturally, to make this system function smoothly it will be necessary to balance mutual interests from a price standpoint.

If this special arrangement is endorsed, Turkish-Algerian trade will stabilize over time. Perhaps that is why the initial goals seem to be modest. According to Minister of State Kazim Oksay, who is heading the Turkish delegation at the meeting of the Turkish-Algerian Joint Economic Commission, it is envisioned "to raise the trade volume between the two countries to \$500 million from its current level of \$250 million." There are prospects for growth to the extent that Turkey can enter the Algerian market successfully and maintain its position. The special payment arrangement is undoubtedly a necessary condition for this growth.

Meanwhile, the issue of importing Algerian liquefied natural gas [LNG] into Turkey requires a long-term program. It is a fact that LNG is not a product that can be bought and used simply on the basis of a pledge to buy. It will take time to build installations to store the product, and it will be necessary to assess the cost of these installations.

Nevertheless the issue of importing LNG from Algeria remains as an alternative item on the agenda of talks. If agreement is reached on that issue it will play a major role in increasing the volume of trade between Turkey and Algeria.

The evaluation of all these prospects is more than just a quest for a new market in the Islamic world. We must not forget that while Algeria is one of most respected countries in the Islamic world its political as well as economic ties with Turkey have hitherto remained limited. Redressing this deficiency is in itself an important task.

9588  
CSO: 3554/91

ECONOMIC

TURKEY

#### POSSIBLE SCENARIOS FOR INFLATION, PRICE TRENDS

Istanbul CUMHURIYET in Turkish 20 Feb 85 p 9

[Text] Ankara--Bringing inflation under control, which has been proclaimed as the government's principal economic objective, continues to remain an elusive goal according to projections based on current economic data.

An inflation forecast based on the 5.5 percent increase in January wholesale prices as reported by the Undersecretariat of the Treasury and Foreign Trade indicates that the 25 percent inflation rate targeted for 1985 will be virtually impossible to achieve.

The forecast for inflation in 1985 was based on five separate projections.

In the first projection, it was assumed that prices will remain flat from February until the end of the year. In the second, third and fourth projections it was assumed that prices will rise by 1, 1.5 and 2 percent a month, respectively, during the same period. The fifth projection was based on the pattern of prices hikes in the last 4 years.

Even if, by some miracle, wholesale prices remain constant for the entire year beginning in February, the annual inflation rate will be as high as 22 percent. This figure was computed by comparing the average wholesale price index for 1985 with that of 1984. If wholesale prices do not rise at all after February, the price index of 10,619 for January will also be the average price index for the entire year of 1985. A comparison of this figure with 8,677, the average wholesale price index for 1984, results in an increase of 22 percent.

Using the same method, the second projection shows that if prices rise by 1 percent a month for the remaining 11 months of the year, the price index will rise by 29 percent in 1985. In this computation, it is assumed that the price index for each month will be 1 percent higher than the index of the previous month, and the annual index is computed by taking the arithmetic mean of the month-end indexes. The Undersecretariat of the Treasury and Foreign Trade computes the average price index for the year by assigning different weights to different indexes. However, it is reported that the average index computed using the arithmetic mean method is not significantly different from the Undersecretariat's index and that it can consequently be considered to be correct.

According to the third and fourth projections, annual price increases will reach 33 percent if prices rise by 1.5 percent a month and 37 percent if they rise by 2 percent a month.

According to the fifth projection, which is based on the average rate of price increases in the last 4 years and which assumes that prices will rise at the same rate this year as well, the inflation rate for 1985 will reach 39 percent. The average monthly price increases for the years 1981, 1982, 1983 and 1984 were as follows: February 2.3 percent; March 2.1 percent; April 2.6 percent; May 2.9 percent; June 2.6 percent; July 0.9 percent; August 2.1 percent; September 2.4 percent; October 1.6 percent; November 2.7 percent; December 3.7 percent.

These projections which were based only on available data indicate that at best it is unlikely that the inflation target set for 1985 can be attained. Furthermore, considering that the value added tax [VAT] system has not yet been set in place completely and that theoretically it should cause price increases after January, it is even more obvious that the desired inflation target cannot be achieved. The fact that VAT has not yet been applied to all the mandated products, that in the computation of price indexes the effect of VAT has not yet been included in the price of certain products and that VAT will be levied on food products beginning in July are seen as potential causes of further price increases.

As a result of all these factors, the view that the government has already failed in its principal objective has begun to gain increasing credence.

#### Forecasts for the Wholesale Price Index [WPI]

	Average WPI for Year 1985	1984	Percent increase
If prices remain flat	10,619.2	8,677.5	22.4
If prices rise 1 percent a month	11,223.2	8,677.5	29.3
If prices rise 1.5 percent a month	11,541.5	8,677.5	33.0
If prices rise 2 percent a month	11,868.9	8,677.5	36.8
If prices rise at the average rate of the past 4 years	12,055.7	8,677.5	38.9

Note: Various organizations base their monthly or annual price increase figures on changes in the WPI. The WPI of the Undersecretariat of the Treasury and Foreign Trade quoted in the Ankara News Agency's report assumes a reference index of 100 for 1963. The index rose to 8,677.5 in 1984 and it stood at 10,619.2 in January 1985. If prices miraculously remain constant for the rest of this year this figure will be the WPI for 1985. To compute the percent increase, the figure for 1984 is subtracted from the figure for 1985 and is divided by the figure for 1984. This is how the 22.4 percent inflation figure is found in the first row. The remaining percent increase figures are computed similarly.

ENERGY

EUROPEAN AFFAIRS

NORWEGIAN ENERGY MINISTER SEES SWEDISH MOVE HARMING PACT

Stockholm DAGENS NYHETER on Swedish 25 Feb 85 p 16

[Article by Bjorn Forsman: "Norway's Energy Minister Criticizes Sweden--Wrong to Reduce Gasoline Imports"]

[Text] "It would be very scandalous if Sweden introduced import restrictions on gasoline and other refined petroleum products. That would conflict with the 1980 oil agreement, and seriously interfere with the possibility of expanding energy cooperation between Sweden and Norway."

That was said by Norwegian Minister of Oil and Energy Kare Kristiansen in a TIDNINGARNAS TELEGRAMBYRA interview as a comment on the energy bill presented by Minister of Energy Birgitta Dahl last week.

In the bill it says that the Swedish Government can recommend measures--for example, import restrictions--in order to protect domestic refinery capacity for preparedness reasons.

"If Sweden is following a protectionist line on this issue, both Norway and other countries should react. We also have refinery problems, but we are doing everything we can to keep the market open.

Stumbling Block

Import restrictions on gasoline would make it still more difficult for Norwegian oil companies to enter the Swedish market--a subject which has been a stumbling block in Swedish-Norwegian oil relations since before import restrictions were mentioned.

Probing between Kare Kristiansen and his Swedish colleague Birgitta Dahl has gone on for a long time without visible results. Are there then prospects for expanding the 1980 agreements?

"First it is necessary to get the existing agreement to function according to conditions. Only then can we proceed to cooperate in other areas," said Kare Kristiansen.

According to Norway, it is primarily the strict Swedish regulations for preparedness storage which made it difficult for Norwegian oil companies to enter the Swedish market.

"We can certainly understand Sweden's difficulties in deviating from their regulations just for Norwegian companies. We are not exclusively aiming at the question of preparedness storage.

"The question is only what can Sweden do instead in order to rectify the situation for the Norwegian oil companies. That is something which the Swedish Government itself must decide."

When the Norwegians in a few years begin to use the new refinery at Mongstad outside Bergen, certain observers believe that there is a risk that competition for the overheated Swedish market will increase further. But Kare Kristiansen believes it is a mistake to consider the Mongstad installation as a threat today.

"With Mongstad we are looking at the 90's and the years after 2000. It does not have much to do with the current situation. Neither is the Swedish market the most important in that connection, but it is clear that it plays a role.

Kare Kristiansen believes that in the short term crude oil prices will continue to decline.

"Oil reached unrealistically high levels during the 70's. The result was that many industrial countries invested in cheaper alternatives to petroleum products.

"We are aware that production must be held back so that prices do not decline too much. In Norway, total petroleum production will not increase during 1985. At least not more than very marginally."

It is gas which will comprise the entire decline. Oil, on the other hand, will continue to increase.

"It depends on whether the Statfjord field goes faster than expected, among other things."

According to Kare Kristiansen it is unreasonable to request that Norway reduce its production as much as the OPEC member countries.

"Last year's utilization of capacity within the organization was only 50 percent," he confirmed.

9287  
CSO: 3650/183

ENERGY

EUROPEAN AFFAIRS

BRIEFS

SWEDISH, DANISH GAS AGREEMENT--Sweden and Denmark have reached agreement on another Sydgas project. A preliminary agreement is complete for the delivery of about 200 million cubic meters of natural gas annually over a 10-year period. This gas will be less expensive than the gas in the Sydgas project. "We have a 6-month option on 200 million cubic meters of gas annually," said Swedegas executive vice president Owe Carlsson. "This means that we have 6 months to find customers for the gas." Swedegas is negotiating with Sydgas and Sydkraft over a pipeline up to Halmstad. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 6 Feb 85 p 26] 9336

CSO: 3650/172

ENERGY

FINLAND

#### MILD WEATHER RESPONSIBLE FOR LOWERED ELECTRIC POWER USE

Helsinki HELSINGIN SANOMAT in Finnish 17 Jan 85 p 28

[Article: "Weather Moderation Drops Electricity Consumption Rapidly: Last Year's Growth 7.5 Percent"]

[Text] Moderation of the cold to tolerable figures is rapidly lowering consumption of electricity as well, which for a few days of fierce cold had stayed at an all-time peak. On those days about 9000 megawatts of the electric production capacity was in use, whereas total capacity is officially 10,850 megawatts.

At this moment a little less than 8000 megawatts is in use, which approaches the peak consumption attained last year.

The rapid decline was caused mainly by the fact that ordinary people have gradually shut off their separate electric heaters. According to estimates by the Finnish Electric Plant Association, Finns have about one and a half million such supplemental heaters. When all are in use they increase consumption of electricity by about a thousand megawatts, equal to a couple of nuclear power reactors.

The Electric Plant Association blames other energy forms for the extensive use of supplementary heaters. Association chairman Tapio Kunnas said on Wednesday that the heating efficiency of houses heated by wood, oil, or distant heating sources has fallen too low. So residents have "had" to obtain supplementary heaters, because according to Kunnas, they do not "want to be cold and miserable for a single moment."

Otherwise, Finland's electricity service has come through the century's worst cold in good fashion. But the supplementary heaters have blown fuses and ruined transformers. In a few localities electric plants have had to interrupt delivery of electricity for up to three hours.

#### Consumption Grew 7.5 Percent

The hard cold came too late to affect the growth of consumption of electricity for last year. However, consumption did rise rapidly: 7.5 percent over 1983. We needed 48.5 billion kilowatt-hours for the year. Consumption

in 1983 was 45.1 billion kilowatt-hours. Growth in 1983 was a little larger, about 8 percent.

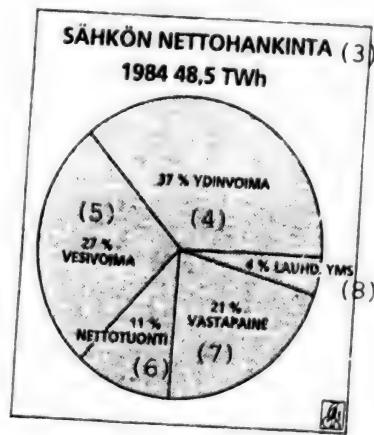
Last year's growth was due mainly to the wheels of industry spinning briskly. The capacity of several branches of industry has been in full use for a long time. The growth of consumption slowed down toward the end of the year. According to the Electric Plant Association, the share of electric heating in the growth was just under a tenth.

Electricity was produced with approximately the same equipment as during the previous year. The share of nuclear power was 37, hydroelectric power 27, counterpressure power 31, condensation power 4 and imported power 11 percent.

Finland was the world's third nuclear-power country in 1984. Only France and Belgium produced more of their electricity by nuclear power. Sweden was fourth. The share of nuclear power was increased by the splendid performance of Finland's four reactors. Finnish plants were able to be run at nearly 80-percent level, whereas the world average has been under 65 percent.

The Electric Plant Association believes the price of electricity will stay this year at around last year's level, although the prices of wholesale and retail electricity were raised at the end of the year. According to Kunnas, the general increase is just under one penni per kilowatt-hour, making the average retail price of Finnish electricity 33 pennis. City dwellers pay only 30.2 pennis and rural residents 36.1 pennis per kilowatt hour.

Thus Finns are paying a very low price for their electricity by international standards. Cheaper electricity is primarily in Sweden (27.5 pennis); in France electricity costs 57 and in Italy, for example, over 80 pennis per kilowatt-hour. The differences are exaggerated by varying tax treatments.



Key:

- (1) Real Price of Electricity
- (2) Percent of Cost of Living Index
- (3) Net Procurement of Electricity  
1984 48.5 terawatt-hours
- (4) 37 percent nuclear power
- (5) 27 percent water power
- (6) 11 percent net import
- (7) 21 percent counterpressure
- (8) 4 percent condensation, etc.

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CSO: 3617/55

ENERGY

FINLAND

#### OIL MONOPOLY CONSIDERING RESUMING IMPORTS FROM IRAN

Helsinki HELSINGIN SANOMAT in Finnish 10 Jan 85 p 27

[Article: "Oil for "Forestry Products: Neste Negotiating Reciprocal Purchases with Iran"]

[Text] Neste [oil company] has conducted discussions for purchasing a rather large amount of oil as a reciprocal purchase, which would be paid for mainly in forestry products. Director Eija Malmivirta emphasizes, however, that the company has not received any price offers from the Iranians. But she also did not consider the negotiations to be at all unique, rather, similar ones are being conducted continually.

The purchase would involve an oil shipment worth about 880 million markkas. "Information to the effect that Neste had had some kind of moments of critical decision are not correct. Not even an offer has come as yet," Malmivirta emphasizes.

Neste has not imported any oil from Iran in the immediate past years, but a few years ago import was still fairly regular.

If this large purchase takes place, it would correspond to about half of Neste's yearly import of oil from other places than the Soviet Union. Most of the oil would be paid for with Finnish export products, with any reminder in hard currency.

#### Iran Raised Prices Again

Neste's attempts for reciprocal trade may partly become entangled because of Iran's behavior in the crude oil market, which has been bouncing around, to say the least. The country recently lowered the price of its oil to compensate for the increased insurance costs of ships using its main port at Kharg. They have increases sharply since Iraq has repeatedly attacked oil ships using Kharg.

According to the Reuters news agency, Iran has, however, raised its prices since the beginning of the week. The news agency, quoting sources at the Rotterdam spot market, reports that Iran had raised the price of light crude oil grade by 1.11 dollars to 29.11 dollars per barrel. The price of heavy grade rose by 45 U.S. cents to 27.55 dollars.

ENERGY

FRANCE

NUCLEAR ENERGY COMPETITIVE PRICES LEAD TO INCREASED EXPORTS

Paris L'USINE NOUVELLE in French No 50, 13 Dec 84 p 13

[Article by Annick Loreal]

[Text] A target of 50 billion kw hours exported by the EDF [French Electric Company] by 1990... Such is the perhaps over ambitious target set by the administration for the national company.

The optimism shown by the Ministry of Industrial Expansion is based on the remarkable increase of the EDF's export balance over the last 2 years: 3.8 billion kw hours in 1982, 13.3 billion last year and probably 25 billion this year...

These figures are all the more remarkable since all buyer countries have a producing capacity in keeping with their needs. But, on the one hand, there is a time-lag between the peak period of consumption in these countries which leads to what is known as "good turn" deals negotiated on a day-to-day basis. And, on the other hand, European countries produce their electricity by different methods (in France it is mostly with nuclear power plants, in Switzerland with hydroelectric power plants) which means different and fluctuating costs depending on the period of the year.

To improve their production costs, sometimes it is in the interest of the producer to resort to low cost imports for a period of several months, or even years, rather than to keep their standard thermal power plants running, particularly in the case of old power plants. Such plants will then be used only during peak hours. The European countries enter into seasonal agreements (covering one or several years) involving large amounts of electricity.

Under this trade system, France has been in a privileged position during these last two years. Thanks to the expansion of its nuclear power facilities, France is in a position to provide its neighbors with an almost constant supply of electricity at very competitive prices. It can do so because once an electric plant goes into "normal" operation, the cost of supplying additional amounts of electricity is nearly equal to the cost of fuel. Thus the price of a kilowatt hour generated by nuclear power is 9 cents, compared to 20 cents for coal and 40 cents for fuel.

Given the fact that last year 51 percent of the electricity produced in France came from nuclear power plants (40 percent in Belgium, 17.6 percent in Germany, 7.2 percent in the Netherlands) it is no longer surprising to see that EDF's sales to other countries are on the rise. Also, one must keep in mind that these sales include supplies of electricity tied to partnership interests held by foreign electric companies in the French nuclear power plants. Belgium, for instance, has invested in Chooz and Tricastin and the EDF has financed in part the Belgian power plant of Tihange. Here again, the relatively low cost of electricity from nuclear source works to the advantage of the EDF.

Does that mean that French electricity is taking over in European markets? Certainly not. First, the output of the EDF is primarily intended for French consumption. Exports are only an outlet to "absorb" the currently excessive production of the electric plants (and they only represent 7 percent of the EDF's turnover). Besides, the buyer countries can only increase their imports in small proportions because electricity is a strategic commodity and everybody wants the remain self-sufficient in that sector.

Which is why the figure of 50 billion kw hours put forward by the administration represents a ceiling at which the EDF's export figures will level off after 1990. Before that, specific technical and financial conditions must be met.

On a technical level, the new inter-European linking grids envisaged under the program contract are insufficient to carry that amount of electricity. Will the EDF be able to increase its investments in electrical lines? "That is a political decision," people cautiously remark at the headquarters of the state-owned company. And they add: "This is a unique opportunity for France." As a matter of fact, Spain, Italy and Great Britain (scheduled to be connected in 1986 to the European grid-system by submarine line) remain largely dependent on standard thermal power plants and the cost of operating them is becoming increasingly high as fuel price goes up.

Finally, the determination of export prices is a very delicate and even controversial issue. French industrialists (particularly those producing steel and chlorine) are already indignant at the thought that their competitors in Italy, Switzerland or Germany could be paying less than they do for a kilowatt-hour. "The chances of such a thing happening are very remote," says Jean Benat, director of the Production and Transport Division in the EDF. Our rule is, in fact, to charge higher rates than those charged to French industrialists."

This painstaking effort to avoid helping to create an unfair competition for the French industry is nonetheless an obstacle to the expansion of exports of electricity. But, while still limited, these exports yield very significant profits: 580 million francs in 1983 and around 900 million francs this year. In the case of a company such as the EDF with heavy debts and a large deficit, one can imagine that trying to maximize these profits becomes a great temptation.

ENERGY

GREECE

GOVERNMENT REPORTEDLY PLANS NUCLEAR PLANT CONSTRUCTION

Athens I VRADYNI in Greek 4 Feb 85 p 7

[Text] According to exclusive information obtained by VRADYNI, a nuclear plant which will produce electricity will be built in our country. The Institute for Geological And Mineral Research had already completed in October 1984 the study on surveying the areas which lend themselves to the installation of a nuclear reactor.

According to reliable sources, the government appears to be determined to proceed at all costs with the installation of a nuclear plant which will produce electricity in our country as the only solution to our energy problem. The investment will be of the order of 70 billion drachmas--in 1985 prices--and it will require an area of three square kilometers.

For the time being, however, and in view of the upcoming elections the government remains "as quiet as a clam." According to the views of technical circles, the announcement of the installation of a nuclear plant would have conflicted not only with the government's preelectoral declarations but also in a more general way with its anti-nuclear policy. It is also very likely that this would have kindled reactions from the people which might have prevented the realization of the government's plans, as in the case of Karystos for example.

In the fall of 1982 a group of five scientists, experts from the IGME [Institute For Geological And Mineral Research], visited Northern Euboea on a secret mission in order to study the terrain in that area. Soon, however, the inhabitants realized the purpose of the visit and organized a demonstration.

Faced with the people's cries of indignation, Mr. Kouloumbis, the minister of energy and natural resources at that time, denied that the government planned to build a nuclear plant in the area.

It should be noted that in 1980 a nuclear plant for electrical energy was built in secret in Innsbruck, Austria. That plant, which cost the Austrian state 25 billions never functioned because of the reaction of public opinion.

According to experts' views, the reasons why the government intends to proceed with the construction of a nuclear plant are the following:

.The cost of electricity in our country is the highest in Europe.

.Domestic production does not cover existing needs, and imports from abroad translate into losses worth several billions of drachmas.

.And most important: the eventuality of neighboring countries cutting off the electricity supply--for a variety of reasons--would plunge the country into darkness within a few minutes.

1 VRADYNI discloses today the chief features of the preliminary study for the installation of the nuclear plant for electrical energy.

According to that study, the regions which lend themselves to that installation because of geological conditions are in Northwest Macedonia (the nomes of Kastoria, Kozani, Grevena) and in the areas of Northern Euboea, the Northern Cyclades (Kythnos, Andros, Tinos, Kea, Syros). But according to the experts Northwest Macedonia is out of the question because it is a hinterland. On the other hand the Cyclades are also excluded, first, because they are tourist areas, and second, because they lack the quantity of water indispensable for the functioning of the plant and the personnel's needs. Fatal- ly, the highest probabilities of "playing host" to the nuclear plant center on Northern Euboea, although it too has a great drawback: that of being a short distance from the capital...

#### Conditions

Indispensable conditions for the installation of the plant are the following:

1. The terrain must not be earthquake prone (rocks must be old).
2. There must not be any active fissures because the reactor could be de- stroyed, causing an emission of radioactive material.
3. The ground must lend itself to the laying of foundations for nuclear reactors--in view of the fact that they are "heavy structures"--and must not be prone to differential settling, which is a cause of damage to the reactor.
4. There must be abundant water for cooling the reactor. (In a closed cir- cuit 7,000 cubic meters an hour of water are required, while in an open circuit from 24,000 to 27,000 cubic meters an hour are needed.)

The problem with which experts will have to deal, however, will be that of the storage of radioactive wastes. Internationally, there are three solu- tions: 1) In clayey soil. 2) In deep wells formerly used to pump oil, which have dried up. And 3) in layers of mineral salt which has the peculiarity of sealing possible fissures which might result from an earthquake. Of the above-mentioned alternatives, only the third one is suitable for Greece.

Experts stress that for the safe functioning of a nuclear plant in our country a staff of appropriately trained scientific personnel is essential, which should be selected according to "the criteria of true statesmanship and not ...the criteria of the PASOK!"

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ENERGY

GREECE

#### MEASURES ADOPTED FOR ENERGY SAVINGS

Athens ETHNOS in Greek 2 Feb 85 p 23

[Text] A sword of Damocles hangs over the heads of those who are wasting energy. And impressive incentives await those who manage to save on the consumption of fuels or electricity.

Five measures, which were announced yesterday by the minister of energy, Mr. L. Verivakis, inaugurate a new concerted campaign to stop energy waste.

Together with consumer education, they offer incentives, bonuses and low interest rate loans for those who will decrease consumption. But at the same time they set up stern stipulations and rules which, together with an appropriate tariff policy, will discourage waste.

This is an extensive program for saving energy which, as Mr. Verivakis explained, the ministry has worked out and which will cover all the areas of consumption such as industry, household consumers, the trade sector and transportation.

With those five measures, which will be implemented gradually, an effort will be made to put an end to the wanton waste of valuable energy which the minister characterized as "unfathomable and sinful behavior."

As Mr. Verivakis explained, the long-term and comprehensive energy saving program worked out by the ministry includes:

1. The initiation of a campaign to inform and educate consumers about the technical potential and the benefits to be derived from energy saving, as also the training of technicians for the design, installation and functioning of heating systems.
2. The institutionalization of regulations and other compulsory measures for buildings, household appliances, cars and installations for area or water heating, to conserve energy. They will concern insulation, and the design and installation of the appliances.
3. The granting of incentives, with tax deductions, subsidies and allocations and other forms of assistance such as low interest rate loans to all those who contribute to the economies.

4. The foregoing measures will be accompanied by tariff adjustments at the expense of those who consume large quantities of energy and which will on the contrary benefit all those who save.

5. Finally, emphasis will be put on the technology related to this field, through special research programs.

The minister announced that the DEI's [Public Power Corporation] investment program for the 1985-1990 five-year period will total 580 billion drachmas, 70% of which will be implemented by Greek hands.

By the end of the decade seven large thermal and five hydroelectric units will be ready, while other thermal and hydroelectric projects will be carried out up to 1994.

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CSO: 3521/181

ENERGY

NORWAY

UK SLEIPNER REFUSAL DAMPENS OPTIMISM ON OIL, GAS EXPORTS

Oslo AFTENPOSTEN in Norwegian 16 Feb 85 p 5

[Commentary by Flemming Dahl and Morten Woldsdal]

[Text] New Pressure on Oil Taxes

The authorities could be forced to lower oil taxes to counteract the negative consequences of Great Britain's rejection of the Sleipner agreement. This assessment of the situation is held by key people in the state-owned firm of Statoil as well as those in foreign oil companies.

Their arguments can be summarized in three parts:

A big gap was created when the British turned thumbs down on the purchase of Norwegian Sleipner gas valued at between 200 and 300 billion kroner. But the gap can be closed again by starting up other projects that will create jobs and generate revenue.

There are a number of potential projects on the continental shelf that would have been less interesting in the near future if the Sleipner field was slated for development now. When they are put together some of them could create just as many jobs and just as much revenue as one Sleipner project.

But the problem is that most of the field development work that could be speeded up would not be profitable under the present terms that have been imposed by the authorities. If the authorities ease these terms--in other words if they reduce their tax and revenue demands--the oil companies might find it profitable to get going on these projects and close the Sleipner gap.

Cold Water

"We have never been faced with so many interesting possibilities on the continental shelf as we are now," said a Norwegian with a high position in the oil sector.

However Finance Minister Rolf Presthus must feel as if some cold water is running through his veins when another key figure delivered this comment:

"A number of finds have been made but at the current tax level it is not profitable to develop them."

Oil people have made similar statements on several occasions in the last few years but the authorities have turned a deaf ear--at least officially. As a result of the thought-provoking Sleipner case, there may be more such statements in the future and the authorities may be forced to listen to them to a greater extent.

If the Sleipner field had been ready for development now, a substantial number of jobs and enormous state revenues would have been guaranteed for quite a few years--and a critical review of the authorities' basic terms would have been less likely.

#### Ironic

A few years ago Great Britain was confronted with a situation similar to the one in which the oil nation of Norway now finds itself: the oil companies on the British part of the shelf found the basic terms so onerous that exploration stagnated and there were very few important development projects.

However the British authorities read the handwriting on the wall and followed up on it. They eased their revenue demands with the result that exploration started up again, which in turn led to a record number of current development projects.

Ironically--from a Norwegian point of view--among the current projects are the gas fields that according to the British government make it unnecessary for Great Britain to buy the Norwegian Sleipner gas.

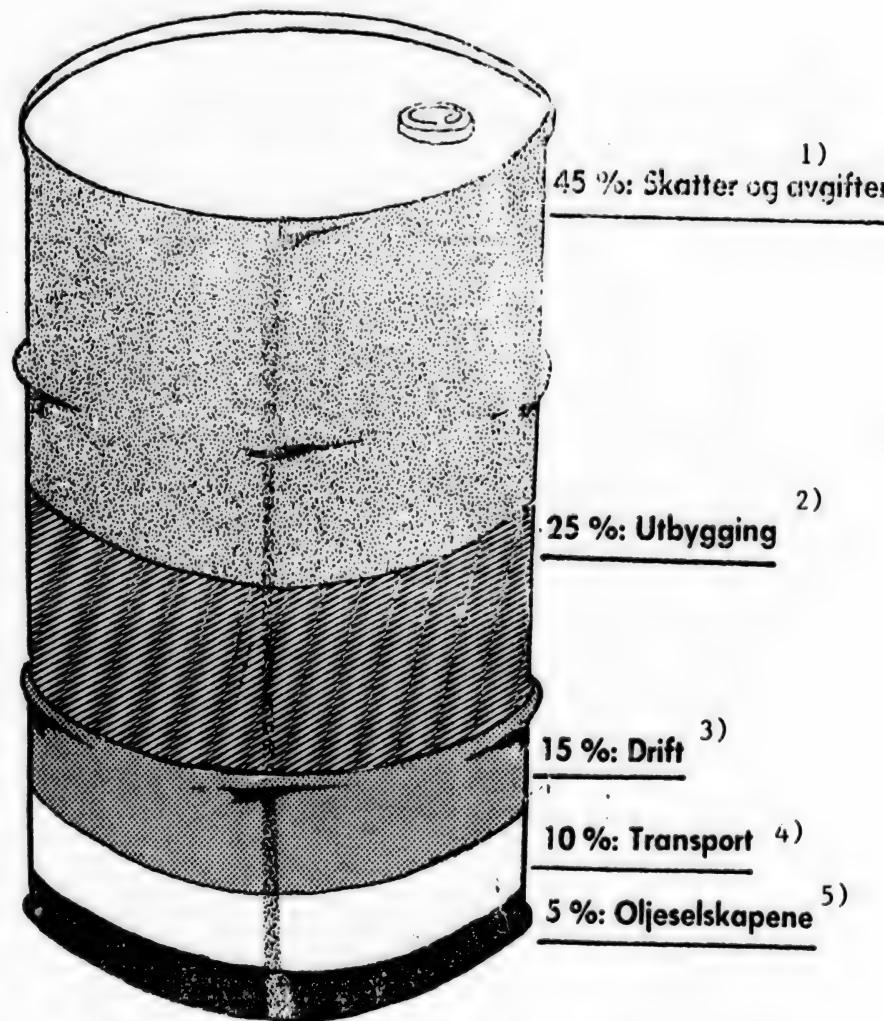
It is true that there are some untouched fields on the Norwegian shelf that could turn out to be profitable to develop even under the current basic terms. One of them is the Gullfaks II field which the authorities and the oil companies are already trying to speed up as a partial substitute for Sleipner.

Troll and Snorre are other big fields that could turn out to be profitable under the current conditions. But these fields were included in the future forecasts at the same time as Sleipner and therefore they cannot be counted as replacements for Sleipner.

#### Door Ajar

There are primarily a number of small fields with highly doubtful profitability that could be taken out of the drawer with the help of tax breaks at an earlier time than anticipated--in a rescue operation to fill the Sleipner gap.

A number of fields in this category have been indicated: Tommeliten, Balder, Huldra, Brage, Hod, Askeladden, the fields at Haltenbanken, the satellite fields to Statfjord and Oseberg--to mention most of them.



The graph shows the division of gross revenues from a profitable field on the Norwegian shelf today. Some new fields, among them those that are located in deeper water, will cost considerably more to develop. The oil companies think it would be economically feasible to develop these fields anyway--as long as the state agrees to take a smaller share of the revenues.

Key:

1. Taxes and fees	4. Transportation
2. Development	5. Oil companies
3. Operating costs	

For tactical reasons the authorities cannot say that they are considering giving tax breaks until the day comes when it seems unavoidable. Therefore they now say, as Oil and Energy Minister Kare Kristiansen said as recently as yesterday: "We are not planning any changes in the present tax system at this time."

However he added a remark that shows that the door to lower oil taxes is at least being left ajar: "Like everyone else we are aware that there is nothing eternal about the system we have."

#### Greatly Exaggerated

The alleged harmful effects of the collapse of the Sleipner agreement have been greatly exaggerated, according to Oil and Energy Minister Kare Kristiansen. Norway has so many other oil and gas fields that can be developed that neither the treasury nor the engineering industry will necessarily lose much as a result of the British rejection of Sleipner, he said.

The engineering industry will even profit from it over the next 4 years, since the shipyards will be getting more contracts. Cabinet minister Kristiansen said that speeding up the second phase of the Gullfaks development will more than offset the loss of Sleipner up to 1988.

"In 1986 investments in phase two of the Gullfaks project will be 3 billion kroner more than in Sleipner and in 1987 the Gullfaks investments will be 2.7 billion kroner greater than the Sleipner investments," the oil minister said.

Thus the collapse of Sleipner will not lead to a new situation for the engineering industry for the next 4 years. The negative effects will not be felt until after 1988. However the authorities have plenty of time to approve new development projects that could also offset Sleipner after 1988, according to Kare Kristiansen. Today there are a number of oil and gas fields that could be ready for development at the end of the 1980's.

When it comes to state tax revenues the Sleipner case will not have much negative impact, according to the authorities. The revenues from Sleipner would have added up to around 200 billion kroner. Development and operating costs would have amounted to half that figure.

Of the remaining 100 billion kroner, the state would have collected roughly 85 percent in taxes and fees. This amount, spread over the field's lifetime of 20 years, gives a revenue loss of around 4 billion kroner a year. The Oil and Energy Ministry think the loss can be more than offset by revenue from new alternative fields.

#### Harder to Sell Norwegian Oil and Gas

In the years ahead Norway will have to accept lower gas and oil prices and more flexible delivery agreements. It is not much good to have many fields with enormous reserves ready for development if we cannot sell the oil and

gas. The Sleipner case is the first serious warning that it could be harder for us to sell the Norwegian petroleum reserves in the future.

Up to now we have taken it for granted that other countries will buy all the oil and gas we pump up from the continental shelf. Sleipner shows that this is no longer the case as far as gas is concerned. With respect to oil the last few months have also shown that Statoil will be forced to sell crude oil at considerably lower prices than before to hold onto its contract customers.

There is quite a lot of uncertainty concerning the future market for oil and gas. The forecasts for demand up to the year 2000 are many in number and they differ considerably. The same thing is true of predictions of future price developments. The uncertainty about markets and prices also affects Norway to a considerable extent. This is an uncertainty we must learn to live with, several experts have said recently.

Consumption of oil in the West has declined drastically in recent years, a fact that is partly due to slow economic growth. Today there is little to indicate that there will be a substantial increase in the demand for oil any time soon.

#### Harder Fight

The fight for a share of the international oil market can therefore become even harder in the future. The central element in the picture is OPEC, which today adjusts its production to fluctuations in the market. The countries that belong to OPEC are using only a small part of their production capacity now.

Thus Norway cannot just take it for granted that increasing Norwegian oil production--as an alternative to Sleipner--will lead to a painless absorption of the oil by the international market. It could lead to even lower prices. The fact that Norwegian oil is among the most expensive oil in the world to produce does not make our future position on the market any stronger.

However one bright feature is the fact that Great Britain's oil production is expected to fall off sometime in the 1990's. That could make things easier for Norwegian oil. High quality oil and beneficial transport distances are also clear positive factors.

#### Troll a Touchstone

The upcoming negotiations on gas from the enormous Troll field will be the big touchstone for the future sale of Norwegian gas. The West European market has a documented need for new gas supplies starting in the mid-1990's. Import companies on the continent have expressed great interest in the Troll gas on several occasions. "The European market will clearly need this gas," said Oil and Energy Minister Kare Kristiansen.

But Norway is not the only one that could supply West Europe's future need for new sources of natural gas. The world's biggest gas producer, the Soviet

Union, is very interested in increasing its deliveries to the West. The Netherlands and Algeria, along with other countries like Nigeria, Cameroon and the Ivory Coast, could also increase their exports of gas.

Today Norway has a share of 8-15 percent of the continental gas market. The market share in Great Britain is 22 percent--a share that will gradually disappear as the Frigg field is emptied. In the years ahead it will be a central task to guarantee the Norwegian share of the West European market--and preferably increase it. Other countries are ready to take over our market share if we cannot maintain it by selling new Norwegian gas as the deliveries from Ekofisk also gradually decline.

#### Competitiveness

Competitiveness is a key word in this context. Norwegian gas is very expensive to produce. The strategic advantages of Norwegian gas--aside from increased independence from Soviet gas--have been repeatedly emphasized by American and Norwegian authorities. However gas buyers on the continent have categorically rejected the idea of paying an extra premium for political supply guarantees.

It seems quite clear today that Norway will have to accept lower prices for gas in the future than those we have achieved in the past. In this kind of situation the question of changes in the tax laws, among other measures, should be taken up--to make it profitable to develop new fields.

#### Flexibility

But it is not just the price of gas that is important in competing for market shares. Flexibility in delivery times is also playing an increasingly important role. There is a considerably greater need for gas in the winter than in the summer in West Europe.

Norway will probably have to take the consequences of this. The possibility of storing Norwegian gas abroad in the future is something that is being evaluated in this context. This would keep Norwegian gas production stable while at the same time we would be better able to adapt to customer delivery needs.

With the big gas reserves we have in Norway today the West European market will not be big enough in the future. In this context new markets, such as the United States and Japan, will be evaluated. Sometime in the 1990's there could be a need for Norwegian liquefied gas (LNG) from North Norway, for example, on both the American and the Japanese markets.

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CSO: 3639/78

ENERGY

NORWAY

COALITION, OPPOSITION PARTIES REACT TO OIL DEVELOPMENT PLAN

Oslo AFTENPOSTEN in Norwegian 16 Feb 85 p 10

[Article by Morten Malmo]

[Text] The plan Oil and Energy Minister Kare Kristiansen presented yesterday concerning the stepped-up development of certain oil fields was received with satisfaction by the government coalition representatives on the Storting Energy and Industrial Affairs Committee. The Labor Party's major spokesman on oil policy, Finn Kristensen, said however that yesterday's move involved little that was new.

The chairman of the Storting Industrial Affairs Committee, Reidar Due (Center Party), told AFTENPOSTEN that it is good that phase II of the Gullfaks field development will be speeded up and that the seismic studies will be stepped up too. Due placed great emphasis on the reports that investments in a more rapid development of phase II of Gullfaks will more than compensate for the cancellation of the Sleipner development over the next few years. Due also said he would have nothing against an early start on Haltenbanken.

"The whole plan looks positive and Norwegian industry will be guaranteed solid employment prospects until 1988. Thus the loss of the Sleipner contract will not be the catastrophe that some have called it," Due said.

Conservative Per-Kristian Foss also felt there was no reason to dramatize the loss of Sleipner after he saw the plan that was presented yesterday. "I hope it will be possible to increase the size of investments even after 1988. The decisive factor for this is if small fields lying next to big fields currently in operation can be expanded," said Foss. He also said plans should also be made to develop the promising North Sea block 34/8 as quickly as possible. His party comrade Arnljot Norwich was also pleased with the plans presented.

"We are now reaping the benefits of the alternative planning carried out by the Oil and Energy Ministry. These plans are positive and impressive," said Svein Alsaker, the representative of the Christian People's Party on the Storting Industrial Affairs Committee. He said he did not think any projects had been left out of cabinet minister Kristiansen's priority list and he did not think the elimination of Sleipner would have negative consequences for the sale of gas from the enormous Troll field.

The Labor Party's major spokesman on oil policy, Finn Kristensen, said he had reservations. He said in a statement that yesterday's move contained little that was new and that the oil companies had been working for a long time to push phase II of Gullfaks along. "The development of this field would have occurred even if the Sleipner agreement had gone through," Kristensen emphasized. He also said this:

"In the present situation, when the government failed to land the Sleipner agreement worth 200 billion kroner, it is not enough to talk about seismic studies. I had expected a greater investment and a more deliberate investment in the north, both at Tromsoflaket and at Haltenbanken."

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CSO: 3639/78

ENERGY

NORWAY

BRIEFS

GOOD EARNINGS PICTURE FOR HYDRO--Norsk Hydro had the biggest surplus that any Norwegian firm has had when the preliminary balance figures for 1984 were disclosed. Sales of 35.5 billion kroner gave a surplus after taxes, both the tax for 1984 and the tax credit the company had achieved through allocations, of 1.974 billion kroner, an increase from 1.078 billion kroner in 1983. Hydro's operating profits were 5.914 billion kroner, an increase from 4.561 billion, and the increased contribution from the industrial activity was an important element in this increase. [Text] [Oslo AFTENPOSTEN in Norwegian 16 Feb 85 p 5] 6578

HALTENBANKEN SEEN PROMISING--Haltenbanken, off the central Norwegian coast, contains at least as much oil and gas as the Statfjord field and twice as much as the Sleipner field, according to Statoil's latest estimates following the most recent discoveries. Haltenbanken contains at least 200 million tons of oil and condensate and 300 million cubic meters of gas. There is enough oil and gas to justify developing the field--the only question is when this will be done. [Text] [Oslo AFTENPOSTEN in Norwegian 16 Feb 85 p 5] 6578

CSO: 3639/78

ENVIRONMENTAL QUALITY

SWEDEN

GOVERNMENT PROPOSES CATALYTIC EXHAUST CONTROLS FROM 1989

Stockholm DAGENS NYHETER in Swedish 22 Feb 85 p 6

[Article by Sven Svensson: "Government Recommends Exhaust Emission Control Beginning 1989"]

[Text] Catalytic exhaust emission control will be introduced beginning with the 1989 model automobiles. That is part of the proposal for different measures against pollution, etc. which Minister of Agriculture Svante Lundkvist will present to the Riksdag next week.

The proposal also says that lead-free gasoline will be sold at gasoline stations beginning in 1987.

Svante Lundkvist's proposal is related to developments in West Germany, where the environmental Greens Party among others is exerting pressure.

In West Germany lead-free gasoline will be introduced this year, and catalytic emission control will be obligatory beginning with 1989 automobile models.

Within the EC the development is causing concern and uncertainty.

Representatives of other automobile-manufacturing countries within the EC--Italy, France and England--are opposed to the plans to introduce catalytic emission controls beginning in 1989.

The governments of these automobile-manufacturing countries are afraid that they will find themselves in a worsened competitive situation, and want to postpone the situation for at least a couple of years.

After contacts with the West German government, Svante Lundkvist has decided to push the demand for conversion to catalytic emission controls beginning in 1989 with determination.

Lead-free gasoline is required for conversion to catalytic emission controls, and reduced exhaust from cars is a precondition for reducing pollution in the air and thereby damage to the growing forests.

9287

CSO: 3650/183

ENVIRONMENTAL QUALITY

TURKEY

POLLUTION, ECONOMIC THREAT OF PLANNED KEMERKOY PLANT

Istanbul CUMHURIYET in Turkish 11, 12, 15 Feb 85

[Installments 1, 2 and 5 of a series of articles by Hikmet Cetinkaya: "A Tale of Gokova"]

[11 Feb 85 p 6]

[Excerpt] Gokova Gulf is the place where nature has painted its prettiest landscape, where blue is embraced by ethereal green. A sprinkling of islands, large and small, stretch over the blue to Fethiye, where the Aegean meets the Mediterranean. This is a place where nature has woven its beauty like a piece of dazzling lace. It has a climate of its own. Even if you go in early February as we did, you unbutton your coat and let the warmth of the Mediterranean sun penetrate to the marrow.

Our Gokova journey began on a springlike day in the middle of winter. If we had gone by sea, we would have called "Blue Voyage" [cruise]. But we went to Gokova by road; call it "Green Voyage" if you wish.

We turned right at the crossroads at Milas. Signs on the left side of the road pointing to Oren catch the eye. We stop the car and read in amazement:

"Yoldap Joint Enterprise Partnership Yenikoy Construction Site," "Sadri Sener - Master Construction Engineer. Yenikoy Thermal Power Plant Public Housing Complex Construction," "TIR Transport. International Transport Trade Inc," "Erbayraktar Architectural Engineering Yenikoy Construction Site," "Turkish Electric Affairs Study Administration Kemer Thermal Power Plant Test Camp," "Toker Yenikoy Construction Site," "ENKA Construction and Industry Inc, Yenikoy Thermal Power Plant Construction Site, 22 kilometers."

We drive for a while on blacktop, then bounce onto a dirt road. Dump trucks loaded with dirt keep gaining on us from behind and whizzing past. There is a minibus in front of us. It has a small sticker on the rear window reading "ENKA." Every village transport vehicle we see afterwards will have "ENKA" stickers plastered on the rear windows.

We pass the Yenikoy Thermal Power Plant on our right and take a deep breath of lignite coal fumes as we mount a rise ahead giving onto a view of Sek Village. The narrow dirt road bumps us up the pine tree-lined slopes...and descends to Gokova Gulf.

A group of Oren and Turkevleri residents had recounted the story of the thermal power plant for us last May. They wanted the help of "CUMHURIYET." We had heard about it a few months earlier and started researching it. We tried to inform the public about it in the series of articles we wrote entitled "New from Old." Then our colleague Turey Kose went to Gokova, and his first report was published on page 7 of the 17 May 1984 CUMHURIYET under the headline "First Stop on Cruise: Thermal Power Plant." In these reports published in CUMHURIYET's provinces section, Turey Kose described his impressions in this way:

"The people who live in these villages, until 3 years ago, were thinking about how they could develop their villages, how they could build roads, and how they could make the most of their 5-kilometer stretch of shoreline. It all started with the idea of building the Yenikoy Thermal Power Plant in the area in 1981. Work began on the plant, with ENKA the subcontractor for the construction being done by the Polish firm ELEKTRIM. Then word reached the local people from the village of Turkevleri that a thermal power plant would be built at Kemerkoy. The first thing the people thought of was that the area would be developed, after which there would be no fertile land.

"The 1984 investment program called for the TEK [Turkish Electric Power Corporation] to build a coal-fired power plant, with two 210-megawatt units and a project cost of 86 billion liras, in this village. It would be similar to the Yenikoy Thermal Power Plant, on which construction was begun in 1981 and the first unit of which was scheduled to open at the end of 1986. Studies for the plant, with a target completion date in 1988, were in progress.

"Residents of Oren, a village 6 kilometers from the site of the plant at Turkevleri, oppose the power plant. They believe the harm done by the power plant will extend to their own cultivable land.

"Abdullah Aytemur, headman of Turkevler, who was the first to react to having the thermal station built at Gokova, told us:

"They are going to build thermal stations and ports on our farmland. The plain is an integral whole, and farming is done on 80 percent of it. Truck crops and citrus fruits go to the markets in Milas, Yatagan and Soke, but go on as well to the provinces of Izmir, Bursa Canakkale, Istanbul and Edirne. The bay on which our villages are located is on the world-famous cruise strip."

The idea of building a thermal power plant at Gokova began to be a controversial issue in October 1984. No one was opposed to building power plants or the industrialization of our country. But everyone was opposed to building a power plant at Kemerkoy -- editors and cartoonists, scientists and artists, politicians and fishermen alike. Their reasoning was that the "green" and the "blue" must be preserved.

The one insisting on building the Kemerkoy power plant at Turkevleri was the Turkish Electric Power Corporation. One of four units was to be built at Turkevleri. An enormous mountain was to be removed, and ENKA was to do this excavation.

We arrived here 4 days after Prime Minister Turgut Ozal's tour of Turkevleri, Ugur Mumcu, Ismail Gulgec, Nuvit Tokdemir and I. By coincidence, Turkish Radio and TV was doing some filming also.

We interviewed top TEK officials. We also met attorney Engin Vural, general secretary of the Turkish Environmental Problems Foundation.

We had been wondering for months who had come up with the idea of building the Kemerkoy power plant at Gokova and how the decision had come about. Ugur Mumcu, Ismail Gulgec and I talked to Yahya Isitan, chief of TEK's Power Plant Office. We quote from our tape-recorded conversation:

Yahya Isitan -- "Gentlemen, the villagers will tell you the same thing you hear from me. The story of building the Kemerkoy Thermal Power Plant here is this: We found that the Mugla area has an abundant supply of lignite coal. You know that we built the Yatagan plant first. We contracted to have the machinery hauled in. Some of the machinery came to the Izmir Port. The rest of it was brought down to Gulluk and trucked to Yatagan. One of the trucks overturned on the Gulluk Road and two people were killed. It was 15 kilometers between Yenikoy and Turkevleri in 1981. We said let's build a landing here. We thought the ships could discharge the machinery for the Yenikoy station here. A landing would have cost 1 billion liras. And our gain would have been 700 million liras. Well, while we were looking for the land [site], we thought why not build 400 public housing units here. If the power plant were built here, the employees could relax when they got off work, have a view of the sea, and it would be refreshing. So, this is the story of building the Gokova power plant that you have been making such a big thing of for months."

#### Conflicting Decisions

Much has been said and written to date about building the Kemerkoy thermal power plant on the shore of Gokova Gulf. We shall try to explain the Gokova event by means of documents available to us: How much store was put by the state agency reports on "Environmental Impact of Thermal Power Plants" in the "Gokova debate," what data the relevant ministries have based their decisions on, how serious they were in their actions. Let us trace the conflicts together:

Public Works and Resettlement Ministry document No H.04-1258, dated 7 June 1984 and titled "Kemerkoy Thermal Power Plant," reads:

"The proposal pertaining to the Kemerkoy Thermal Power Plant, planned for construction by the TEK General Directorate in Kemerdere Subdistrict, Milas District, Mugla Province, was discussed at a meeting of the Industrial Zoning Commission, coordinated by our ministry and attended by representatives of the Under Secretariat for Land and Agrarian Reform and the Ministry of Agriculture, Forests and Village Affairs, and the views established in relation to the subject were forwarded to my ministry.

"Since the views in relation to the subject of the Prime Ministry Under Secretariat for the Environment and the Ministry of Health and Social Assistance were negative, the TEK General Directorate and the governor's office are hereby informed by this letter on this day that the preliminary permit is not being issued by our ministry for the said installation."

No sooner was this correspondence completed than it seemed to begin to be interpreted in a different way. Preparations were going ahead for the Kemerkoy plant on one hand and land belonging to the residents or Oren and Turkevleri began being rapidly expropriated on the other. After a while, the expropriation ended. The villagers, unable to understand the expropriation while the public debate of Gokova, "the fight to save nature" in other words, was in progress, asked the Ministry of Energy and Natural Resources, because they had the ministry's letter refusing the preliminary permit: "The power plant was not going to be built. Why is our land being expropriated?" Yet, TEK General Director Kamil Toktas had signed a contract with the Polish firm ELEKTRIM to build the plant. In a letter written on 7 June 1984, the Ministry of Public Works and Resettlement stated that a preliminary permit had not been issued to build the plant at Gokova, but the preliminary permit was issued by that same ministry on 18 June 1984. TEK General Director Kamil Toktas, who later left that post, took the job of Turkish representative for ELEKTRIM, the firm with which he had signed the contract.

[12 Feb 85 p 6]

[Excerpt] The Fisherman of Halicarnassus years ago described the "blue voyage" beginning at Bodrum this way:

--The blue voyage is a way of life, not a tourist attraction.

The Fisherman of Halicarnassus sailed the Gokova Gulf with its wealth of natural beauty and historical sites years ago on a sponger's craft and wrote of it all in his plain, articulate way. The Fisherman immersed himself in Gokova Gulf, where he went, or rather explored, first, Klidos [as published, Cnidos?] farther down which was built for the goddess of love and beauty Aphrodite, the long hidden remains of ancient life, all that azure expanse from Datca Promontory to Marmaris, Koycegiz and Fethiye. A later "blue voyage" was taken with Azra Erhatlar, Sabahattin Eyuboglu, Bedri Rahmiler and other friends with the Fisherman of Halicarnassus acting as guide.

Now, the "blue voyage," again in the forefront because of the thermal station it was decided should be built on Gokova Gulf, is essentially the most concrete example of how seriously tourism is taken in our country. Travelers from all over the world stand transfixed before these lovely bays, shores and historical riches. Hundreds of yachts come from France, from Germany, from Italy and from Spain to Gokova. In 1984, 3,780 yachts came to Bodrum, and 2,946 foreign yachts stood off Gokova.

The beautiful hot springs, the islands of pine trees, in short, the heaven-on-earth of Gokova and the Mediterranean shores will now disappear for the sake of a thermal power plant.

On the one hand, we say, "Tourism, tourism," and on the other we pollute the sea and destroy nature. We build yacht harbors at Marmaris, Bodrum and Kusadasi, and then we kill the "blue voyage." In short, we are both crying for tourism and spoiling the most beautiful bays with power plants.

One wonders, if they have the same appreciation of nature, whether the Poles who have contracted to build the Kemerkoj thermal power plant would be able to do this in their own country?

We think the answer to this question would be "No." Here is page 19 of the April 1984 report by the Prime Ministry Under Secretariat for the Environment. Let us read together:

"According to the act for 'protection against pollution of the atmosphere' adopted on 30 September 1980 by the Council of Ministers in Poland, the home country of the Kemerkoj Thermal Plant contracting firm ELEKTRIM, limits on concentration of pollutants are set for two different types of regions. They are (1) special protection zones and (2) protected zones. Special protection zones include national parks and forests having natural values such as Gokova Gulf and the surrounding area. The  $SO_2$  concentration limits set for these zones are  $250 \text{ mg/m}^3$  per second (for 30 minutes),  $75 \text{ mg/m}^3$  daily average,  $11 \text{ mg/m}^3$  annual average. In this case, the annual average value is below the IUFRO [International Union of Forestry Research Organizations] standard and the daily average is lower than the WHO standard. This means that the Policy firm would find it rather difficult, or perhaps impossible, legally to build a thermal power plant in a place similar to Kemerkoj under conditions in its own country."

Here, we would like to explore further another state document...a publication issued in 1982 by the Ministry of Culture and Tourism's Office of Plans and Investments. This office is headed by Mukerrem Tascioglu, who says, "It would hurt, but I would approve it," and holds the view that "It is feasible." The paper contains the following assessment of Gokova Gulf, which is now to have a thermal power plant built on its shore:

--Gokova Gulf has become, especially in recent years, a mecca for yacht tourism. There are two main reasons for this development. First, European ports and shore facilities in the western Mediterranean are inadequate to meet the growing demand in this regard.

--Although there are areas on the Italian and French shores dotted with a yacht harbor every 5-10 kilometers and yacht capacities exist which may be expressed in the tens of thousands all along this 300-400 kilometer stretch of shoreline, total resources have reached the point of being unable to meet the demands of yacht owners, especially from Central and Northern Europe which have no Mediterranean shores. As a result, yacht tourism demand has shifted to the eastern Mediterranean countries, and Greece in particular has registered significant development in this regard.

--The second reason for the shift of Mediterranean yacht tourism demand to the eastern-shore countries is the destruction of the natural character of shores in the northern and western Mediterranean countries with buildings and factories. Yachting activities are therefore shifting to the eastern Mediterranean countries through the demands of European tourists seeking a natural environment. Turkey is steadily becoming more attractive for yacht tourism because of the value of natural surroundings on its Aegean and Mediterranean shores.

So, the thermal power plant is to be built on the shore of Gokova Gulf, which even state documents describe as "attractive for yacht tourism."

The report prepared by the Prime Ministry's Undersecretariat for the Environment on the power plant to be built at Gokova mentions its importance from the standpoint of tourism and points out that the number of yachts cruising the area is increasing every year. According to the data, there were 616 yachts in 1980, 1,245 in 1981, and 1,751 in 1982. This number rose to 3,780 in 1984. According to the Under Secretariat for the Environment's assessment, building the power plant would have a negative effect on yacht tourism. Here is how these disadvantages are described in the April 1984 report:

"The impact on yacht tourism of the thermal power plant which it is desired be built on the northern shore of Gokova Gulf would be primarily in air pollution. The development of yacht tourism depends on protection of the natural environment. The development of yacht tourism may be prohibited by the destruction of the natural environment at Gokova, which may be described as a great economic resource requiring no economic investment whatsoever."

"To give an example of the gains to be attained from yacht tourism, Greece earned U.S. \$2.876 billion in this way in 1981, an amount exceeding its earnings on all hotel operations in the country. Gokova Gulf has the potential to bring significant economic gain to the tourism sector, as an area having the characteristics to enable it to have the lion's share in the development of yacht tourism in Turkey. In making the decision on building the thermal station at Kemerkooy, it is necessary to determine well whether destruction of this potential will be risked."

[15 Feb 85 p 6]

[Text] A mountain 600 meters from the sea will have to be removed at Turkevleri Village for the Kemerkooy thermal power plant. ENKA has the job of removing the mountain. That is, ENKA is the excavation subcontractor for the Kemerkooy power plant. TEK experts say that the subcontractor will excavate 1 cubic meter for 500-600 liras. The total excavation is approximately 2 million cubic meters.

In addition to their natural beauty, Turkevleri and Oren have fertile cropland. They take two harvests a year here. There are olive groves and citrus orchards in addition to the crops of fruits and vegetables. This produce is sent to Izmir, Istanbul, Ankara, Bursa, Canakkale and Edirne. According to official data, this fertile soil produces each year 3,000 tons of cereal grains, 2,000 tons of olive oil, 600-700 tons of citrus fruits, 400 tons of sesame and 350-400 tons of cotton.

After it was decided to build the power plant at Gokova, the villagers of Turkevleri and Oren left no state door in Ankara undarkened. The results they got were sometimes encouraging, sometimes disheartening. Prime Minister Turgut Ozal came to Turkevleri (a trip planned some time ago) and it was then that all their hopes were dashed, because the Kemerkooy thermal power plant had become a "fait accompli." Prime Minister Ozal took his stance in favor of building the power plant during the Gokova tour. But the views of official state documents and certain state agencies were in conflict with this decision by the prime minister. There were jokes about "growing ivy" on the 300-foot-high stacks and that the way to

build a power plant with tourist appeal was "to paint the stacks green," but there were also significant concerns, one being the true "Tale of Gokova" that we will tell our children in the future.

#### What Will Happen to Gokova

So far we have been talking about the importance of Gokova Gulf and the area where the power plant will be built from the standpoint of tourism and agriculture. Now, let us read the Under Secretariat for the Environment's report on "What Will Happen to Gokova."

Look at what the undersecretariat said in April 1984 about building the Kemerkoy power plant:

"Gokova Gulf and its environs, owing to their physical and biological characteristics, are extremely sensitive to environmental impacts, especially air pollution. The environmental impacts of the thermal power plant may be listed as pollution by liquid and solid particles and primarily gases, visual pollution as an activity that does not harmonize with the natural environment, the burden of urbanization that will result and noise pollution."

Here let us summarize for you the "Consequences for Gokova" from the under secretariat's report:

--It is understood that Gokova Gulf and its environs will be severely damaged by  $\text{SO}_2$  emissions in particular.

--The destruction wrought upon the natural environment by the thermal power plant will have a negative effect on such economic activities as tourism, forestry, apiculture, harvest of marine products and agriculture.

The impact on the environment of the thermal power plant of which Prime Minister Ozal said, "The smoke will not even be visible," were described as follows by his own under secretariat:

--Urbanization: At least 1,000 persons will be employed. This means a settlement of around 5,000. Seeing that the area where the thermal plant is to be built has a population of 2,000, the urbanization burden it will impose is clear.

--Visual pollution: The facility will have three main large operations areas consisting of coal extraction, the plant and storage facilities, and the ash barrier. It will create visual pollution over a broad area in that it is a facility that will spoil the natural appearance of the Gokova Gulf environment.

--Noise: Noise will occur during the extraction, transport, loading and unloading of coal and the operation of the plant. This will be a disturbing environmental problem.

--Indirect effects: The most important factor leading to the presence of the thermal power plant is its fuel raw material, lignite. The strip mining of the lignite is an activity involving a significant environmental impact. The physical

and biological features (soil, plant cover, water table) above and below ground which make up the balance of nature in the area where the lignite is located and its environs will be disrupted as a result of mining and excavation. Thus the ecology of that area will undergo significant change.

The "negative" report by the Under Secretariat for the Environment on the thermal power plant to be built at Gokova thus discusses the impact it would have beyond "air pollution."

Now, continuing to read the report, we come to "air pollution":

--The atmospheric conditions not taken into account in the model consist of the rainfall, dew and fog status of the area. These three atmospheric conditions are instrumental in the conversion of SO<sub>2</sub> emissions from the stack into acid rain.

--Acid rain is particularly devastating to marine climates such as Gokova Gulf and evergreen forests.

--The most important natural physical feature of the Gokova area, wherein lies the Kemerkoj site chosen for the thermal plant, is that it is a gulf rimmed on three sides by rugged mountains dominated by a marine ecosystem. It is understood that the topographical obstacles combined with the phenomenon of off-shore breezes will significantly affect the concentration of SO<sub>2</sub> in and around Kemerkoj.

--The smoke emitted by the power plant, encountering a topographical obstacle, will accumulate being unable to surmount the obstacle by day and will become dense and disperse seaward at night when the off-shore breeze changes direction. Under these circumstances, the negative impact on marine life will increase through the acidification and concentration seaward of SO<sub>2</sub>.

--Red pine, the predominant tree in the forests around Gokova Gulf is extremely sensitive to SO<sub>2</sub>, being an evergreen.

--Beekeeping is an important activity around Gokova that depends on the red pine forests. It must be expected that apiculture would be damaged by the ravage of the red pine forests by SO<sub>2</sub>.

--The most widely known and most pervasive impact of SO<sub>2</sub> is on human health. Respiratory and pulmonary diseases increase and incidents of death are seen. It is understood that the SO<sub>2</sub> emissions from the power plant could reach dimensions harmful to human health.

--The environmental impact as to air pollution of the thermal power plant that it is desired be built at Kemerkoj, especially bearing in mind the physical and biological characteristics of the Gokova Gulf environment, is of a dimension whose importance cannot be ignored.

--The desire to build a facility having multiple polluting aspects, primarily air pollution, such as a thermal power plant in an unspoiled area having natural values whose protection is a must such as Gokova Gulf presents a contradictory situation.

--Environmental effects will occur such as dust, noise, earth tremors and explosions occurring as the result of strip mining lignite, disruption of the hydro-balance resulting from excavation and shifting soil, damage to agricultural production, destruction of the natural plant cover and visual pollution through disruption of the landscape.

--Visual pollution through dispersal of coal dust in lignite storage, water pollution by dust mixing with surface water and pollution of underground water as the result of seepage will occur.

Even if all the environmental measures can be taken to the degree that new technologies allow, it will not be sufficient to prohibit damage to the Gokova Gulf ecosystem and characteristics of its natural landscape.

The report by the Prime Ministry Under Secretariat for the Environment on the thermal station to be built on the shore of Gokova Gulf says so. The final paragraph of the report stresses an important fact of Turkish experience:

"Since the neglect and mistakes of the past are having to be paid for today, it is necessary to think of the future today and avoid this kind of neglect and error, to take special care not to give rise to ever more regional environmental problems. Gokova Gulf and its environs, with all they have to offer, are more than worthy of such special care."

Last year more than 3,000 foreign yachts came to Gokova. Bodrum earned the equivalent of 6 billion Turkish liras from tourism alone. All of this aside, however, one wonders what the foreigners have to say about Gokova. Let us see:

Martin Coombs (British, yacht company manager) -- It is not right for them to pick a beautiful place like this. We find it hard to understand. What will the people in Bodrum do now? When the people who come to enjoy the beauty of Turkey see the smoke stacks, they are going to say, "Have we come to the wrong place?" Places like this are protected in Britain. We were extremely surprised when we heard about it. We have been here since April. Clients come to us for recommendations. Everyone we have brought so far loves it here, better than the Greek islands. Now, when the smoke stacks appear, we cannot recommend the same places being aware of the decision. We will now be forced to go somewhere else.

Barry Gaphern (British, mechanical engineer) -- I wish people cared this much everywhere. How can there be a power plant there? Filters will have no effect at all. We see all kinds of fruits and vegetables at the Bodrum market on Fridays. We won't see them anymore.

Colin Marsden (American, yacht company manager) -- This decision is incredible. How can somebody who would write out a citation when I dropped a plastic bag of soap in the water from my boat even while I was trying to get it back do this? How can they be that careful and at the same time take a chance on spoiling these beautiful shores? Are power plants going to be everywhere? This place will be ruined. This is terrible.

While the Kemerkoyn Thermal Power Plant, to which opposition continues, opens the way to man's domination of nature in our country, Prime Minister Ozal says, "The power plant will not pollute the environment."

**END OF**

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March 26/85